Mighty Guides

DEFINING MARKETING SUCCESS:

28 EXPERTS TELL YOU HOW

Sponsored by: visualIQ® Driving Brilliant Cross Channel Performance™

FOREWORD

Dear Fellow Marketer:

Marketing used to be a much simpler proposition. Brands created advertising campaigns primarily for TV, print, and radio, with an emphasis on storytelling and emotional appeal. Attempts to measure effectiveness were based on where ads appeared and how much exposure they received.

Since then, marketing accountability has taken on much greater significance. With the rise of digital channels and the vast amounts of granular performance data they produce, marketers are under more pressure than ever to show exactly how their investments further business objectives and contribute to the bottom line. Yet every day, we encounter marketers who are still challenged to do so.

At Visual IQ, we wanted to create a resource to which marketers could turn for advice on which metrics to use to effectively measure the impact of marketing on business goals. The result is *Defining Marketing Success: 28 Experts Tell You How.*

From the most effective marketing technology and time-tested formulas to the specific metrics that matter most, I am thrilled with the diverse insights and advice these experts have provided. We think that there is something useful for everyone, and we hope that you will find a few specific gems within these pages that you can use at your organization.

Regards,
Manu Mathew
Co-Founder & CEO, Visual IQ

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As a pioneer in the space, Visual IQ has been producing the world's most powerful cross channel marketing attribution software since 2006. Its hosted IQ Intelligence Suite of products combines a user-friendly interface with advanced attribution management and predictive modeling functionality to provide clear recommendations for marketing optimization. Recognized as a leader in cross channel attribution by a leading market research firm in 2014, Visual IQ won The Drum's 2015 Digital Trading Award for Best Attribution Solution, won the 2014 ASPY Award for Best Data or Analytics Solution, and was a finalist in the Digital Analytics Association's Excellence Awards in 2013, 2014 2015 and 2016. For more information, visit www.visualiq.com.

INTRODUCTION

Do you know exactly how your marketing spend affects revenue growth? If you do, you are in the minority. Most business leaders want to know the value they are getting for their marketing investments, but few are fully satisfied by the answers they receive. And the problem is not lack of metrics.

Online channels are data-rich environments. Data fuels programmatic advertising, marketing automation, and attribution platforms. There is a lot of data available to consider. Email marketers like click-through rates. Social marketers closely watch social-driven web traffic. Mobile marketers zero in on app traffic. But do these metrics have anything to do with bottom-line performance?

To better understand what marketing metrics matter most to business leaders, and with the generous support of Visual IQ, we reached out to 28 marketing experts with the following question:

On which metrics do you advise senior marketers focus to most effectively measure the impact of marketing on business goals, and why are these metrics the most important?

Not surprisingly, many experts qualified their answers with, "that depends on business goals." Of course, they said a lot more, providing perspectives from several industry verticals, geographies and business models. In this e-book, we have collected a fascinating array of business-goal-oriented marketing metrics. Many not only tie to bottom-line performance but also enlighten broader business management decisions.

I am confident that anyone interested in quantifying the business value of marketing expenditures will find this e-book a thought-provoking resource.

All the best,
David Rogelberg
Publisher

Mighty Guides

Mighty Guides make you stronger.

These authoritative and diverse guides provide a full view of a topic. They help you explore, compare, and contrast a variety of viewpoints so that you can determine what will work best for you. Reading a Mighty Guide is kind of like having your own team of experts. Each heartfelt and sincere piece of advice in this guide sits right next to the contributor's name, biography, and links so that you can learn more about their work. This background information gives you the proper context for each expert's independent perspective.

Credible advice from top experts helps you make strong decisions. Strong decisions make you mighty.

TABLE OF CONTENTS

Foreword 2

Introduction 3

Metrics That Align With Business Objectives

Customer Intent Metrics Are What Matter Most 8

The Best Metrics Are the Ones Actually Being Used 11

The Not-So-Secret Formula for Choosing the Right Marketing Metrics 14

Fractional Attribution Is Essential to Marketing Optimization 17

Different Metrics Serve Different Business Purposes 20

Metrics That Calculate Return

Match Marketing Metrics to Value Expectations 25

Metrics That Reflect Your Place in the Market 28

Take a Holistic View of Marketing Metrics for Business Success 31

Each Part of the Marketing Funnel Has Its Own Marketing Metrics 33

Marketing Metrics Need to Show Return on Investment 36

In Magazine Publishing, Critical Metrics Relate to Paid Subscriptions 39

Metrics That Map to the Customer Journey

Focus on What You Can Measure 44

When Considering Marketing Metrics, Customer Experience Is Key 47

Customer Experience Remains the Core Metric in Determining Success 50

Marketing's Ultimate Goal: A Measurable, Unified View of the Consumer 53

A Consistent "Leads-to-Cash" Lexicon and Disciplined Process Delivers Meaningful Metrics 56

TABLE OF CONTENTS

Metrics That Measure Brand & Engagement

Marketers Would Do Best to Look at Quality Not Quantity of Engagements....61

The Most Important Marketing Metric Might Be One You Never See....64

Marketing Metrics Should Focus on Customer Engagement....67

Balancing Brand and Consumer Marketing....69

Mapping Transactional Data Directly to Marketing Metrics Is Ideal....72

Do Not Neglect the Metrics That Tell the Marketing Story....75

Metrics That Tie to Sales & Revenue

Metrics Can Help Everyone Align to the Key Goal—Revenue....79

How Metrics Show the Contribution of Marketing to the Bottom Line....82

Metrics to Use When You Cannot Tie Marketing to Revenue....84

Metrics That Anchor the Discussion....87

Marketing Metrics Should Focus on the Core Drivers of Business Value....90

Key Marketing Metrics Should Support Accurate Revenue Forecasts....92

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FOR CHOOSING THE RIGHT ONE

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Metrics That Align With Business Objectives

In this Section...

Leo Miller
GSK Consumer Healthcare.....8

Steve Bernstein
StubHub.....11

Bill Muller
Visual IQ.....14

Slava Sambu
Office Depot, Inc.....17

Jacob Varghese
Jacobv.com.....20

CUSTOMER INTENT METRICS ARE WHAT MATTER MOST

LEO MILLER

Global Business Lead, Digital Transformation,
GSK Consumer Healthcare

Leo Miller is a proven leader of digital marketing strategy and business transformation. He effectively engages businesses and brands to integrate innovative digital solutions and accelerate their capabilities. Miller has extensive and varied experience ranging from founding a start-up to navigating the complexity of some of the world's largest organizations, including his current role leading digital transformation for the consumer healthcare business at GSK.

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For companies that sell products wholesale through highly competitive retail channels, the story being told by the marketing metrics is not always clear. GSK, a large UK-based pharmaceutical company, made this discovery as it worked through a digital transformation that began several years ago. GSK's Consumer Healthcare division handles 36 brands in 120 markets around the world. According to Leo Miller, one of the first tasks in the company's digital transformation program was to establish consistency in the metrics different markets used to assess their performance. "As we got into this program, we found there were plenty of metrics," Miller explains. "But it became painfully clear that we were using inconsistent metrics and there was no link back to overall business objectives."

Standardizing the old metrics they had always used would not solve the problem because new digital channels were providing new kinds of data. For instance, to market consumer products sold in competing retail channels requires a lot of brand advertising. When brand promotion depended heavily on television advertising, a key metric of the impact of marketing was brand awareness.

"Channel data allows us to break out of thinking that marketing's job is only to drive awareness."

KEY LESSONS

1. **A path-to-purchase analysis helps marketers see the connection between their activities and business performance.**
2. **Intent metrics include ratios of people moving from one stage in the purchase path to the next.**

However, new data from digital channels enables GSK to look beyond just awareness. "Channel data allows us to break out of thinking that marketing's job is only to drive awareness," says Miller. "Now we have algorithms around search and content engagement metrics that say something about where the customers are in their path to purchase. They are aware, but are they considering? Are they evaluating?"

To standardize metrics used by all the marketing groups around the world and to have more visibility into the effectiveness of marketing, Miller's organization created a Golden Measures Playbook, a set of fundamental metrics everyone uses. These include metrics around impressions, click-throughs, awareness, content engagement, search, and other factors. "Each metric includes information about what it is, how to measure it, and where to get the source data," Miller says.

Using these basic measurements as a foundation, the marketing teams use marketing mix models to analyze the path to purchase and measure individual digital channel performance. "The path-to-purchase analysis gives a clear picture of how successfully a campaign is working across all media and channels to drive sales," says Miller. "It really helps our marketers see the connection between their activities and business performance.

"Indications of intent toward our brand and products are a lot more telling than a vague set of metrics about awareness."

We want to break out of the traditional view of marketing and sales funnels into more of a virtuous cycle that is continuously populated with marketing and media activities." The marketing mix models provide a better view of return on invested marketing dollars. "For instance, we can analyze the cost of paid search for a specific product in a particular market and see the return on investment (ROI) on every dollar spent."

When asked about which metrics are most important, Miller says, "I push our marketers to focus on metrics that are indicators of customer intent." Intent metrics include ratios of people moving from one stage in the purchase path to the next. They can also be patterns of search; for example, people searching for a particular oral health condition before selecting a GSK product designed to treat that condition. Another important indicator is content engagement. "We use tools that provide useful data on how many people watch beyond the initial five seconds of a video," says Miller. Ultimately, customer intent is the best indicator of how well marketing is driving business performance. "Indications of intent toward our brand and products are a lot more telling than a vague set of metrics about awareness," Miller says. ■

THE BEST METRICS ARE THE ONES ACTUALLY BEING USED

STEVE BERNSTEIN

Senior Director of Data and Analytics,
StubHub

Steve Bernstein manages the analytics, data science, reporting, data warehouse and big data development teams for StubHub, a subsidiary of eBay, Inc. In addition to a 10-year career in analytics, Bernstein has held leadership roles in market research and marketing across a range of companies large and small, including Apple, PayPal, and Myspace. Bernstein has a BA in economics from the University of California, Berkeley and an MS in operations research from Stanford University.

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"It is easy to become overwhelmed by the number of metrics that one has at their disposal," says StubHub's Steve Bernstein. "These metrics can include all the standard, third-party analytics large businesses tend to follow, as well as the additional, sometimes complicated ones you might develop for your specific situation." This onslaught of information is exasperated by the fact that people often use different definitions for the same terms.

Although sympathetic to harried marketers, Bernstein cautions that those who find themselves feeling overwhelmed by data are, in most cases, missing the most important metric: the original business objective. He believes that if business objectives are carefully considered, clearly defined, and tied to pre-agreed-upon results, these objectives will not only help everyone see progress but also determine how their performance affects wider company goals.

Bernstein believes every metric included on a company-wide dashboard should support the key performance indicators (KPIs) a company has set for individuals and departments. These then tie back directly to overall company performance. Relating dashboard metrics first to company-wide goals, and then to specific contributors' goals, ensures every data point is highly useful when evaluating team and company success.

> *It is easy to become overwhelmed by the number of metrics that one has at their disposal.*

KEY LESSONS

1. **An organization must clearly tie KPIs to each department, and those KPIs must then tie directly back to overall company performance.**
2. **Insisting on a unified language describing KPIs and associated metrics across the organization is critical to never losing sight of the "big picture" goals of the company.**

These metrics need not be complicated, according to Bernstein. "Unless your business model is really new or your business is unique, chances are the metrics you need to measure are not really different from what has been done before," he says.

In the interest of consistency, Bernstein advocates using the same metrics when speaking to different internal constituents. Insisting on a unified language describing KPIs and associated metrics across the organization is critical to keeping everyone focused and never losing sight of the "big picture" goals of the company. He also strongly urges marketing heads to make use of data that is ubiquitous. Ideally, the marketing team can use the same metrics to track marketing success and performance evaluations, incentive programs, internal reports, and the like. "It has been my experience at all the companies where I was running analytics," he says, "that the big challenge is trying to get more people to actually use the reporting tools."

To improve this shortcoming, Bernstein suggests, "I would definitely recommend tracking usage of the various reporting tools (most likely centered around a company-wide dashboard)," and goes further to suggest publicly reporting the results throughout the organization. Doing so can create a sense of competition and urgency, especially if the same data is tied to incentive plans.

"Unless your business model is really new or your business is unique, chances are the metrics you need to measure are not really different from what has been done before."

Be sure to report only relevant metrics, adds Bernstein. One of the benefits of tracking employee data use is to see which tools employees are using most effectively and which tools might need additional work. "You want to work on data and tools that a lot of people are going to use," says Bernstein, "and if you have unnecessary features that people do not need, people can become distracted."

Although specific metrics may become more or less important at any given moment to an individual or team, Bernstein feels strongly that all metrics must tie directly to measurable business objectives (such as KPIs), be useful to everyone in the organization (which requires consistency, education, and training), and be transparent and accepted by everyone in the organization as realistic and comparable measures of success. Such must be the case of all metrics, from those as simple as page views to more complex leads-to-sales analyses. ■

BILL MULLER

Chief Marketing Officer,
Visual IQ

Bill Muller, CMO at Visual IQ, is a recognized expert in B2B lead generation and thought leadership on both the agency and brand sides of the industry. Before Visual IQ, he spent 9 years as CMO at global performance marketing agency iProspect, which he helped grow from start-up to worldwide leader in its space. Muller has written for CMO.com, *Chief Marketer*, and *BtoB Magazine* and spoken at the DMA Annual Conference, CMO Club Summit, and SES Conference, among others.

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When determining which metrics are most important for measuring the impact of marketing on the business, Bill Muller believes that no one metric or set of metrics applies. "The right metrics will vary by industry vertical, business model, and business goals, plus many other factors that vary from business to business," says Muller. "What works for one organization may not work for another."

Ultimately, Muller believes that marketers must work backward, starting with the business goals of a brand. "It is primarily a math and breadcrumbs problem," he explains. "The metrics upon which you should focus are those for which you have historical performance data, and where a breadcrumb trail can be followed between this data and your business goals."

Muller shared an example of the formula to use when determining the right metrics for your business. "Suppose your company wants to increase sales by 25 percent by the end of the year. If you know your total sales goal for a given period, and you know your average deal size, you can quickly calculate how many sales need to be made to achieve your sales goals.

> *The right metrics will vary by industry vertical, business model, and business goals, plus many other factors that vary from business to business.*

KEY LESSONS

1. **Determining the right metrics to measure the impact of marketing on business goals does not have to be difficult as long as you are using the right formula.**
2. **Advanced marketing attribution solutions are providing marketers with the tools they need to track their efforts more accurately and demonstrate their impact on the business overall.**

If, in turn, you know how many leads need to be produced to generate a sale, you then know how many leads need to be generated within a given period of time to achieve your sales goal. Finally, if you know your average cost per lead, and the various response rates across marketing channels, you have then associated the appropriate math with the breadcrumbs—thus determining the right metrics—that connect your marketing efforts to your ultimate sales goal." When marketing efforts are tied to metrics that are aligned with business goals, marketers not only prove their true value but also can justify their spend. Anything else that does not directly relate to these metrics is superfluous.

Although the formula is relatively simple if you are only leveraging one or two marketing channels, it becomes increasingly more complicated as the marketing ecosystem of a brand expands. Advertising is much more fragmented today than it was in the past. Breaking through the clutter does not mean sending more messages but leveraging more channels and tactics to deliver those messages. Attempting to track all of those channels and their resulting performance data can quickly lead to spreadsheet overload, where trends, errors, and opportunities can be easily missed.

Fortunately, marketers do not need to be spreadsheet wizards or masters of data management. "Marketing technology has evolved," says Muller. "Today, advanced marketing attribution solutions exist that not only collect, normalize, and integrate marketing performance data into a consolidated interface but also apply sophisticated models to accurately allocate credit to the channels and tactics that produce a desired outcome."

"Whatever your industry, determining the right metrics ultimately comes down to identifying the connective tissue that ties marketing activities to business results."

Muller emphasizes that even with attribution technology, the same basic formula must still be applied to associate attributed metrics with the sales drivers that ultimately deliver on the business goals of a company. Obviously, these sales drivers will differ by vertical. In e-tail, for instance, the drivers could be shopping carts and orders; in financial services, it could be loan or credit card applications; in insurance, it could be policy applications and quote requests. "Whatever your industry," says Muller, "determining the right metrics ultimately comes down to identifying the connective tissue that ties marketing activities to business results." ■

SLAVA SAMBU

Director of Digital Analytics,
Office Depot, Inc.

Slava Sambu is a director of digital analytics at Office Depot, Inc. With more than 10 years of digital marketing experience, he has worked in multiple industries and verticals, from business-to-business (B2B) and search agencies to nonprofits and two Fortune 500 retailers. Recently, Sambu has been involved with customer integration efforts between Office Depot, Inc. and OfficeMax. Sambu is passionate about data and analytics and marketing technologies that drive innovation, and he enjoys solving complex problems in retail and digital environments.

For Slava Sambu, understanding business performance from an analytics and reporting perspective requires peeling back a few layers of detail and looking at them closely. "For any e-commerce business, it is essential to understand the following four key performance indicators (KPIs) and what is driving them: sales, traffic, conversion, and average order value (AOV). From there, the formula really goes like this: sales equals traffic times your conversion times your AOV," Sambu says.

"This formula can be applied on a marketing level to look at business outcomes. When you talk about marketing, you are often trying to dissect the best combinations of marketing vehicles that are driving overall performance for the business," Sambu explains. If marketers were to look at the origin of total sales, via which marketing vehicles and through which marketing campaigns, they could better understand marketing performance in a more granular fashion. They could then use these insights to optimize marketing effectiveness and drive core business objectives within given budget restraints.

KEY LESSONS

1. **By evaluating metrics that are tied to business performance at the top level as well as several layers beneath, marketers can gain a deeper understanding of how marketing investments support business goals.**

2. **Transitioning from last click to fractional attribution allows businesses a more accurate view of marketing performance, which is essential for business optimization.**

> *For any e-commerce business, it is essential to understand the following four KPIs and what is driving them: sales, traffic, conversion, and average order value (AOV).*

To get a firm grasp on the efficiency of marketing investments, Sambu believes marketers must identify the right marketing attribution model that helps them accurately assign credit to the various channels and tactics they use. He notes, however, that there are several schools of thought about how different industries and verticals should measure themselves. "Since marketing has existed, the problem has been there: how do you understand the relationship between the money you are spending on marketing to drive traffic and sales and the channels that should be credited for driving that performance?"

Sambu believes a fractional attribution model is essential—a model capable of assigning value to all the touchpoints to which a customer is exposed before a conversion. If a customer clicked a paid search result in Google, then viewed a retargeting display ad before ultimately purchasing through an affiliate channel, the attribution model should be able to assign credit to each of these vehicles—not just to affiliates as the last marketing touchpoint. The result is a clear view of the true credit each marketing campaign and vehicle deserves, and the ability to reallocate marketing spend to optimize effectiveness. "When you are able to dig deeper into your media mix, you are evaluating the metrics that help you understand how efficiently you are spending money; not just within each channel but also across your entire marketing portfolio," Sambu adds.

"How do you understand the relationship between the money you are spending on marketing to drive traffic and sales and the channels that should be credited for driving that performance?"

Although Sambu feels transitioning from last click to fractional attribution is crucial, he also admits it requires discipline, rigor, and patience. "Attribution is a journey," he says, "and building the model is just one challenge. Operationalizing the findings and optimization recommendations the model produces is another. He suggests a phased approach, beginning with digital channels before bridging the gap between digital spend and in-store transactions.

But the result is worth the effort, he concludes. Fractional attribution paints a more accurate view of marketing performance that is essential for business optimization. By evaluating metrics tied to business performance not just at the top level but also several layers beneath, marketers can gain a deeper understanding of how marketing investments support business goals. Armed with that insight, marketers can not only demonstrate their impact on the business but also make improvements or adjustments to their marketing strategy to drive further growth and business success. ■

JACOB VARGHESE

Digital Marketing Consultant, Marketing Technologist and Strategist,
Jacobv.com

Jacob Varghese is an innovative, solution-oriented senior marketing consultant, technologist, and strategist with demonstrated success in increasing revenues, improving customer experience, and achieving cost reductions in technology and marketing processes. He has a talent for integrating and adapting online and offline marketing strategies based on goals, available resources, and organizational culture.

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"Choosing the right metrics depends on business goals," says Jacob Varghese, who thinks about metrics in terms of their function in the business structure. "I like to think of marketing metrics as occupying three levels of a pyramid." Metrics at the top of the pyramid focus on outcomes. These are high-level business metrics that have the greatest utility for senior marketers and others on the executive team who are responsible for creating value in the business. "Metrics at the top of the pyramid typically map back to costs and revenue," says Varghese. Examples include ROI calculations, profitability, and customer acquisition ratios.

Channel and operational metrics occupy the middle of the pyramid. They are measurable, actionable, and time bound. These metrics have the greatest utility for sales enablers who manage marketing operations. Examples of middle-tier metrics include conversion rates, lead-to-close ratios, and new leads generated by a particular asset or campaign. In addition to providing operational insight, middle-tier metrics feed into top-of-pyramid calculations.

KEY LESSONS

1. **Marketing metrics form a pyramid, with each level mapping to business goals.**
2. **At the top, metrics focus on outcomes and map back to costs and revenue. The middle is composed of channel and operational metrics, which are measurable, actionable, and time bound. The base of the pyramid contains consumption metrics, which will provide an indication of your reach.**

> *My favorite top-tier metric is the lifetime value (LTV) of customers to cost of customer acquisition (CAC) ratio. A lot of business context is built into this ratio.*

The base of the pyramid contains task-oriented metrics. These serve people who actually execute marketing and sales plans—the campaign producers. Bottom-tier metrics are typically consumption metrics, such as ad views, page views, shares, number of leads, and other micro metrics. They provide an indication of your reach. They also offer a real-time look at what is happening in ongoing programs, which is useful for testing and optimization. In addition, bottom-tier metrics contribute to middle-tier calculations.

"My favorite top-tier metric is the lifetime value (LTV) of customers to cost of customer acquisition (CAC) ratio," says Varghese. "A lot of business context is built into this ratio." For example, if the lifetime revenue value of a customer is $3000, and the annual cost of acquiring that customer is $1000, then that ratio is 3:1 (for a 12 month payback period). A ratio of 1:1 would be a money-losing proposition, and 2:1 might be breaking even. Ratios higher than 3:1 become increasingly profitable. These ratios can become large. For instance, 10:1 and 20:1 ratios are possible.

This LTV:CAC calculation offers great insight because of what goes into the customer value and cost of acquisition numbers. Customer acquisition costs vary depending on the type of business and the type of product or service. A small business selling a simple, low-cost product would have a much lower CAC than a large enterprise with an expensive, complex product that has a long sales cycle involving many contacts with many people. The lifetime value of a customer is influenced by variables such as customer loyalty and product "stickiness." Customer loyalty strategies, cross-sell and upsell strategies, and even product design considerations all play a role in the lifetime value of the customer.

"LTV:CAC is a particularly important metric because it can inform so many aspects of the business process."

"LTV:CAC is a particularly important metric because it can inform so many aspects of the business process," says Varghese. For instance, this ratio provides guidance on how much you should spend on marketing to acquire a customer. If you develop customer personas, this ratio should be a key part of each persona definition. Factors that make up this metric are highly relevant to revenue and profitability. For example, if you have a high ratio, you can make decisions about how to allocate profits generated by those customer relationships. You might decide to invest in new product lines specifically tailored to attract more of those high-value customer personas. Or you might decide to develop a strategy that turns 3:1 customers into 5:1 or 10:1 customers by increasing customer loyalty. That could involve new marketing strategies, new product enhancements, or some combination of these approaches. ■

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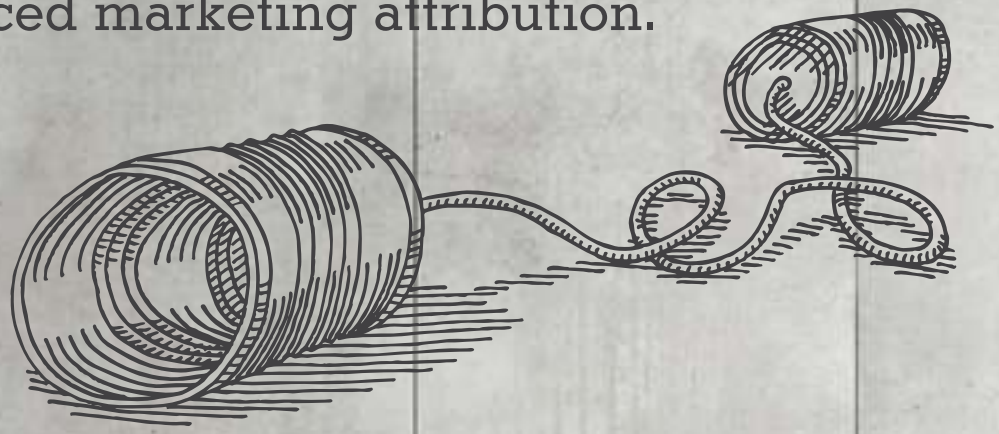

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Metrics That Calculate Return

In this Section...

Cristian Citu
DHL.....25

Paul Butcher
Transform Digital.....33

Dave Rogers
ConvertClick.....28

David Szetela
Bruce Clay, Inc.....36

Howard Diamond
Rise Interactive.....31

Scott McAllister
Time Inc.....39

MATCH MARKETING METRICS TO VALUE EXPECTATIONS

CRISTIAN CITU

Director, Global Digital Marketing,
DHL

Based at DHL global headquarters, Cristian Citu manages digital marketing programs that include a mix of strategic brand initiatives and lead generation campaigns. Previously, Citu held various global marketing roles for DHL in brand management, sponsorship, and human resources marketing. He joined DHL after working as a consultant with customers in industries ranging from IT, telecom, and automotive, to pharma and retail.

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Identifying which marketing metrics most effectively illustrate how marketing efforts are affecting business goals can be challenging, especially in a large company like DHL. The logistics giant has seven divisions operating as separate companies, each with their own profit and loss statements, CEOs, and legacy technologies. "That is a difficult environment when you are trying to execute corporate-wide marketing," says Cristian Citu, who is responsible for both global digital marketing and corporate brand marketing. Every division has its own culture and way of looking at key performance indicators (KPIs) and analyzing ROI. You can have an executive team in one division who prefers looking at marketing from a revenue perspective, and you might have another one that always looks at ROI from a gross profit perspective. Even if you end up having the same KPI with the same definition, there may be multiple ways of measuring that KPI.

In many cases, choosing the right metrics is really about management of expectations, having a set of values aligned for everyone involved in the business objective, and attaining agreement on how to measure it.

KEY LESSONS

1. **When marketing receives money to invest in a campaign, that funding needs to come with clear expectations about what that money will deliver, and how performance will be measured.**

2. **Conversion rates are workhorse metrics that drive the continuous testing needed to optimize every touchpoint in a funnel.**

> *You do not have a single working day in digital marketing without talking about conversion rates and trying to optimize them.*

"The metrics I use depend on the audience and their expectations," Citu says. When marketing receives money to invest in a campaign, that funding needs to come with clear expectations about what that money will deliver, and how performance will be measured. "Otherwise," says Citu, "it is easy to report back, 'You gave me $15 million, and here are five billion banner impressions.' So what?"

As indicators of marketing effectiveness, Citu prefers end-of-the-funnel metrics and those that show activity through the funnel. For instance, conversion rates are important. They exist at multiple points in the funnel and provide indicators of how effectively you are nurturing leads into becoming customers. "You do not have a single working day in digital marketing without talking about conversion rates and trying to optimize them," Citu says. These become workhorse metrics that drive the continuous testing needed to optimize every touchpoint in the funnel. It is a process that never stops. Citu explains, "The goal is all about improving conversion rate. When you have a large-scale operation like ours, increasing conversions by two percent can mean millions in additional revenue."

However, conversion rates are not necessarily the metrics that the business leaders want to hear. Even more important to Citu are metrics that tie back to revenue. "I love KPIs that relate to revenue because I know this data resonates strongly with the top executives." While executives in Citu's business are interested in ROI, that number alone is not enough.

> *"We often look at marketing ROI in terms of earnings before interest and tax (EBIT) rather than gross revenue. This perspective gives a truer picture of the profitability of a campaign."*

DHL is a logistics company, delivering shipments from A to B. That involves paying the salaries of couriers, paying for and maintaining delivery equipment, buying fuel for trucks and airplanes, and many other costs. "We often look at marketing ROI in terms of earnings before interest and tax (EBIT) rather than gross revenue. This perspective gives a truer picture of the profitability of a campaign," says Citu.

Taking this approach requires input from the finance team and goes much deeper than basing the ROI calculation on revenue. It is not something most marketers would do proactively, but some business leaders push for it—and for good reason. As Citu explains, "I may be showing an amazing 160-percent ROI on a campaign. But, as the corporate executives will point out, what about all the costs associated with fulfilling that business? When you calculate campaign ROI from the EBIT perspective, the return may no longer look so amazing." ■

DAVE ROGERS
Principal,
ConvertClick

For more than a decade, Dave Rogers has been advising organizations on developing best-in-class analytics capabilities to serve business growth. He does so through a detailed focus on the user, employing advanced analytical techniques and methodologies with a clear mindset of establishing trusted data and shared insights to business partners. Rogers has had success with all sizes of organizations, from start-ups to small and medium-sized businesses to enterprise-level clients, and provides unique strategies for each.

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"The starting point for senior marketers trying to identify the most meaningful bottom-line metrics is to first make sure metrics are easy to use, understand, and replicate, and then ensure that they provide useful, actionable information," says Dave Rogers. That second consideration all but eliminates vanity metrics, he suggests. "You might have 100,000 people opening links and clicking-through, but that does not affect the business," Rogers states. "If there is not a conversion or a sale, at the end of the day, knowing traffic levels is not likely to help understand what is working to affect the business."

He isolates five metrics that he thinks meet the criteria of being easy to comprehend while delivering actionable business intelligence:

• **Revenue.** You might substitute any top-line number here, Rogers offers, but the reality is that no metric supersedes revenue. "This measurement is the key outcome and result metric," he says. Though he characterizes revenue as a key performance indicator (KPI) rather than a pure metric, he insists on its place at the top of his list. Carefully measure and trend average dollar per acquired customer, average order value, and the like, he advises. "It is always smart to keep your eye on revenue," Rogers comments, "because everything else is a reflection of this number."

"You might have 100,000 people opening links and clicking-through, but that does not affect the business."

KEY LESSONS

1. **Relying on metrics that are understandable and actionable all but eliminates vanity metrics as a useful category.**

2. **Tracking key metrics such as revenue, lifetime value of customers, return on marketing investment, conversion rates, and customer satisfaction ratings will help companies stay focused on core business goals.**

• **Lifetime value of customers (LTV).** This measurement projects a customer's value to the business over the lifetime of the relationship. It is impossible to know how long that might last, but it is possible to measure LTV in 12-month or 24-month increments. The measure of repeat orders per customer is a submetric to LTV, Rogers says, as is the 80-20 rule that suggests 80 percent of sales is generated by 20 percent of clients. "Repeat business is important," Rogers states. "If we notice that we do not get people returning with repeat orders, the business is going to fail. So we need to focus on that."

• **Return on marketing investment.** Rogers says this metric speaks for itself—or should. "I think many organizations overlook this critical metric," he says, "particularly if they do not have it on the marketing dashboard." The CMO might have a line item or a single report dedicated to marketing ROI, he notes, but often marketing ROI numbers are not strategically displayed on any dashboard that is available to the entire marketing team. A conscious choice should be made, he asserts, to give everyone, from senior executives to individual channel owners, a direct line of sight into marketing ROI so that everyone can gauge what investments are working. "If they did that," he states, "tactics could be changed and budget could be distributed differently through channels."

"It is always smart to keep your eye on revenue because everything else is a reflection of this number."

• **Conversion rates.** This metric is measured differently depending on the business. For B2B, Rogers offers, the key metric would be leads converted. For B2C, it is more likely purchase conversion rates. "Marketing before digital was probably all acquisition and retention," he says. "Now that we have digital channels, it is acquisitions, then conversions in the middle, and then retention." That new reality requires businesses to better understand and report on channel and content performance so that they can make faster and more effective tactical decisions, he adds. "Conversion rates in general are one of the KPIs that get pushed down to channel owners," Rogers states. "When conversion metrics are not driven up to the CMO or to the all-hands marketing dashboard, they often get missed."

• **Customer satisfaction ratings.** This metric, which includes net promoter scores, is predictive of future growth, according to Rogers. "Studies show a direct correlation between customer satisfaction and stock ratings," he notes. Monitoring what makes and keeps customers happy will directly influence the delivery of products, features, and benefits, as well as pricing, he says. "All of these factors go back to the satisfaction rating," Rogers states. "The more likely we are to keep users onsite and within all channels happy, the more likely they are going to refer. The more they refer, the more the business grows."

"This collection of metrics keeps our eye on the goal, which is revenue, as well as the most important KPIs that reflect the levers we are able to pull," Rogers concludes. "They are metrics that reflect our place in the market."

TAKE A HOLISTIC VIEW OF MARKETING METRICS FOR BUSINESS SUCCESS

HOWARD DIAMOND

Senior Vice President of Digital Strategy,
Rise Interactive

Howard Diamond is senior vice president of digital strategy at Rise Interactive, a leading digital marketing agency specializing in media, analytics, and customer experience. His team partners with leading retail/e-commerce, CPG, health care, and financial service brands to maximize their digital marketing investments and create more relevant experiences for their customers. Prior to Rise, Diamond worked in similar roles with Coe-Truman Technologies and Q Interactive (formerly CoolSavings.com), providing him with deep expertise in leveraging technology and media strategy to drive business results.

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When looking to measure the impact of marketing investments on business goals, Howard Diamond believes that senior marketers must assess the many touchpoints to which potential customers are exposed, as no single metric tells a complete story. Therefore, a holistic set of metrics is necessary to paint a complete picture of marketing performance. "It is important to first understand the high-level business goals relating to brand awareness, revenue, customers, and margins," he says. "Then you can determine how certain key performance indicators (KPIs) ladder into those goals."

The ability to drill down to a granular level with marketing metrics can vary by industry. "I think there are different levels of expectations for how well you can measure the effectiveness of your marketing, depending on your vertical," Diamond notes. Some of his retail clients, for example, can measure the actual return on ad spend (ROAS) depending on the sophistication of the attribution model that they use. "For every dollar invested in digital marketing, our clients typically expect at least five in return," he says, "It's important to understand how each individual channel is performing so you can have a comprehensive view of your marketing spend and understand how to shift budgets accordingly."

> *It is important to first understand the high-level business goals relating to brand awareness, revenue, customers, and margins.*

KEY LESSONS

1. **A holistic set of marketing metrics is required to form a complete picture of marketing performance.**
2. **Accurately measuring return on ad spend (ROAS) is possible, depending on the sophistication of the marketing attribution model being used.**

However, it becomes trickier when a business is measuring brand engagement or sales that cannot be directly attributed because they are not selling the product themselves. "Suppose, for the purposes of this discussion, that you are a CPG brand, and you run a banner ad campaign for a new cereal," he explains. "If someone goes down to their local grocery store and buys a box of that cereal, it is pretty difficult to trace that transaction all the way back up to your digital campaign unless you are using things like coupons and loyalty cards. That is why you have to look at these challenges differently across diverse business models."

By carefully assessing the ways in which customers respond to campaigns across the various touchpoints through which they interact with the brand, marketers can begin to better understand the impact that the marketing investment of the company is having on their business and then modify their investments accordingly. ■

PAUL BUTCHER

Chief Executive Officer,
Transform Digital

Paul Butcher is a digital marketing leader with more than 20 years of experience operating at the intersection of marketing, technology, and business. He is an expert across the omni-channel digital landscape, integrating brand, digital, and social media marketing strategy into the customer experience. Before joining Transform Digital, Butcher spent 7 years as Head of Digital Communications at Citi. He is a frequent speaker at industry events and is an active advisor to several digital start-ups.

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Paul Butcher recognizes that metrics need to prove the value of the activities they measure. "The holy grail of metrics is the return on marketing investment, which shows leads and revenue generated by a marketing expenditure," he says. How you arrive at that depends on the type of marketing you are analyzing, what channels and stages of the sales process the activity serves, and the types of media involved. Multiple components make up the calculation of return on marketing investment. Butcher says, "Key metrics that contribute to the return on investment (ROI) calculation are cost per lead and revenue per lead."

When calculating cost per lead and revenue per lead, an important metric to measure is repeat sales. A second or third sale to the same customer costs less than the original sale, and those follow-on sales are also responsible for more positive referrals. "The level of repeat sales to your existing customer base is a major contributor to reducing your marketing costs per dollar of revenue," says Butcher.

> *The holy grail of metrics is the return on marketing investment, which shows leads and revenue generated by a marketing expenditure.*

KEY LESSONS

1. **The metrics change as you move through the marketing funnel. At the top of the funnel, they are reach-related, while further in, metrics relate to qualified leads and the cost of generating them. As you move through the funnel, metrics become directly tied to costs and sales revenue.**

2. **Marketing automation platforms add optimization and allow you to visualize key metrics in real time, but the underlying core metrics and business goals stay the same.**

Furthermore, each part of the marketing funnel is supported by its own marketing strategy and associated metrics. For instance, quantitative metrics relevant to the top of the funnel may be reach-related, such as the number of views, while further into the funnel, you will be looking at metrics that relate to the number of marketing-qualified leads (MQLs) and sales qualified leads (SQLs) and the respective costs of generating them. As you move through the funnel, metrics become more specifically tied to costs and sales revenue.

These same metrics are just as relevant when working with marketing automation and programmatic buying platforms, which automate both the activities and the calculations. Programmatic buying platforms make decisions based on the parameters you set. For instance, you might be running 10 different ads, and each ad might have 10 permutations based on language and design. You might specify the platform to target certain demographic groups or market cohorts. The platform automatically optimizes media buys and ad permutations based on real-time automated testing and performance metrics around the key performance indicators (KPIs) that are important to you.

As leads come in, a marketing automation platform handles them, automating marketing actions based on what is known about the leads. "These two platforms work together to optimize lead generation through programmatic ad buying and then handling the leads through marketing automation," Butcher says.

"The level of repeat sales to your existing customer base is a major contributor to reducing your marketing costs per dollar of revenue."

Marketing automation platforms change the way companies use metrics. "With new data visualization tools, it now becomes possible to visualize key high-level metrics in real time," Butcher says. In doing so, some platforms automatically track and calculate common metrics.

For instance, an ideal setup that uses highly integrated automation platforms to generate and handle leads enables you to view continuous ROI on a marketing campaign in real time, like looking at stock market returns. This ROI visualization is automatically compiled from less visible metrics. Or you might be able to see that a campaign that yesterday was generating leads that cost $11.00 each is today generating leads that cost $10.00 each. Butcher points out, "Although the metric components and calculations are being processed, used, and viewed on a more real time basis, they are the same core metrics driving the same business goals."

MARKETING METRICS NEED TO SHOW RETURN ON INVESTMENT

DAVID SZETELA

Vice President of Search Engine Marketing Operations,
Bruce Clay, Inc.

David Szetela is vice president of search engine marketing operations for Bruce Clay, Inc. A former Apple executive and entrepreneur, Szetela has dedicated his career to helping companies maximize revenue. He is the author of two books and hosts the weekly *PPC Rockstars* radio show. His articles have been published in *The SEM Post*, *MediaPost*, *Search Engine Watch*, and *Search Engine Land*. Szetela has spoken at SMX, Ungagged, and Pubcon, and was voted a top-25 PPC Expert by PPC Hero for the third year in a row.

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"Ultimately, the C-Suite is interested in return on investment (ROI)," says David Szetela, whose primary marketing focus is pay-per-click advertising. ROI is a key measure of the effectiveness of a business strategy. For Szetela, the marketing component of ROI is return on ad spend. To fully understand the effectiveness of ad spend, it is necessary to understand and track three key metrics:

- The number of sales transactions, the number of leads, or the amount of revenue that results from advertising spend
- The response rate—that is, the number of people who respond to an advertisement compared with the total number of people exposed to that ad
- Conversion rate—that is, the number of people who responded to an ad, then went on to engage in a conversion action, such as purchasing something or becoming a lead, compared with the total number of ad responders

These metrics map directly to the essential goal of any marketing effort: influencing people to take action. The metrics also work together to provide insight into how those goals are or are not being met.

> *Ultimately, the C-Suite is interested in return on investment.*

KEY LESSONS

1. **Three key pay-per-click advertising metrics—the number of sales transactions or leads, response rate, and conversion rate—work together to provide ROI on ad spend.**
2. **For online advertising, marketers can evaluate campaign performance, make campaign adjustments designed to improve response or conversion rates, and measure the effectiveness of those adjustments—all in near–real time.**

For example, tracking sales, leads, or revenue that designated ad spend generates provides a direct, quantitative measure of what you are getting for your marketing dollar. Tracking response rates and conversion rates provides an added layer of meaning to the raw quantitative campaign results. For instance, if the quantitative results are not meeting goals but response rates are good, that could indicate that the campaign is suffering from insufficient reach. However, if reach and response rates are good but poor conversion rates are lowering bottom-line results, this situation would suggest that something is wrong with the offer. Maybe the price is too high or the value you are offering in exchange for the customer action is insufficient to trigger the desired action.

Although Szetela applies these metrics to direct-response advertising, they are useful in measuring the performance of other marketing activities, as well. "You can extrapolate these metrics to any marketing activity that costs something and is designed to encourage customers to take an action," he says. In the case of online advertising, it becomes possible to capture these metrics directly in real time. Marketers can evaluate campaign performance, make campaign adjustments designed to improve response or conversion rates, and measure the effectiveness of those adjustments—all in near–real time. "You know exactly what is working and what is not. You know exactly where to place your money and where to disinvest," says Szetela.

"The most meaningful metrics not only show what is happening but also, for executives who are not marketing experts, provide confidence in the actions being taken to meet business goals."

If metrics reporting is working as it should, meaning that the right data is being extracted and converted to metrics that are easily understood at the executive level, executives will use that information to decide how to invest marketing dollars to best serve business goals. One of the biggest challenges for marketers is encountering different levels of understanding among executives. For instance, some executives may look at a metrics dashboard and say, "I need to see costs reduced by *x* and conversions increased by *y*." That might make sense when looking at a static dashboard but might be totally unrealistic in practice. More importantly, their suggested approach might not be the best way to achieve business goals. For example, Szetela believes that metrics are most meaningful in the context of change. Did new brand positioning or an ad design improve response rates? Did a pricing change improve conversion rates? "The most meaningful metrics not only show what is happening but also, for executives who are not marketing experts, provide confidence in the actions being taken to meet business goals," says Szetela. ■

IN MAGAZINE PUBLISHING, CRITICAL METRICS RELATE TO PAID SUBSCRIPTIONS

SCOTT MCALLISTER

Senior VP of Consumer Digital Marketing and Business Development,
Time Inc.

Scott McAllister is a digital marketing leader with more than 15 years of experience in the space. He has a passion for redefining marketing and how customers experience brands through the digital domain. His experience spans industries, from computers and electronics to financial services, retail, and media, giving him depth in the big five areas of digital: marketing and media, experience building, data and analytics, mobile, and social.

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As a senior vice president at Time Inc., Scott McAllister spends a lot of time looking at paid subscriptions. He is focused on the consumer revenue he generates through his marketing expenditures. However, metrics related to paid subscriptions have implications that go way beyond the consumer marketing side of the business.

In the magazine publishing world, revenue comes from two places: paid subscriptions and paid advertising. Although advertising typically generates the larger share of total revenue, a critical link exists between paid subscriptions and ad revenue. The amount a publisher can charge for paid advertising is rate based, which means when advertisers buy magazine ads, they are guaranteed a certain size audience for that ad. The dollars those advertisers spend based on that guaranteed audience size is their cost per impression (CPM). As McAllister explains, "Part of our responsibility in consumer marketing is to ensure we are delivering the level of circulation needed to support that rate base." If a publisher fails to deliver enough circulation, they may have to rebate money to advertisers, which is not something any publisher ever wants to do.

KEY LESSONS

1. **Lifetime value (LTV), based on historical data telling how long consumers stay with a publication once they subscribe, allows a subscription-based company to understand the true value of a new subscription.**

2. **Knowing the LTV of a customer also makes it possible to find the equilibrium point between marginal costs and marginal returns.**

> *As a direct response marketer, I pay close attention to return on investment (ROI) on the dollars we spend.*

"I must meet paid circulation revenue goals, but I must also deliver circulation that supports our ad rates," says McAllister.

As he directs marketing campaigns to meet these goals, McAllister stays focused on his return on marketing investment. "As a direct response marketer, I pay close attention to return on investment (ROI) on the dollars we spend," says McAllister. An important part of that calculation is the lifetime value (LTV) of the customer for each publishing product. "Whatever campaigns I am running, I know the LTV of my customer, so I am going to find the equilibrium point between marginal costs and marginal returns, and I will spend every last dollar to achieve that objective."

LTV of the customer, which is based on historical data telling how long consumers stay with a publication once they subscribe, gives the true value of a new subscription. "The LTV of a customer dictates everything from how high I can go on my bids for paid search, to what CPM I can afford on display ads, to what I can pay for in Facebook advertising," says McAllister. Another critical element of the ROI calculation is attribution. "Many of those advertisements and searches do not lead to an immediate sale, but later, through cookies, we can see how customers enter the subscription process," McAllister says. "I can actually see consumers come in and convert. Over time, I can move money into certain channels and tactics that are outperforming others."

Attribution provides data that helps decide where to spend marketing dollars, and LTV of the customer dictates how much to spend. However, at the end of the day, the number of subscriptions ties everything together. McAllister says, "We are held to monthly subscription and revenue forecasts. We look at cost per acquisition (CPA).

"Whatever campaigns I am running, I know the lifetime value (LTV) of my customer, so I am going to find the equilibrium point between marginal costs and marginal returns, and I will spend every last dollar to achieve that objective."

We know lifetime subscriber values across all our titles, so we know how high or low we can float our CPAs, whether we are bidding on search or buying display advertising. All of those components translate into ROI."

Other metrics provide insight into emphasis and direction of marketing expenditures. For instance, brand health and consumer perceptions compared with the competition are important. Also, new analytics models are providing a more holistic view of correlations between subscribers of different magazine products, opening doors to cross-selling opportunities. But as McAllister says, "My primary interest is spending marketing dollars to generate subscriptions and doing so in a way that creates the right balance of costs against revenue."

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In this Section...

Lex Bradshaw-Zanger
Radon Strategy Labs.....44

Trinadha Kandi
Deloitte Digital.....47

Kat Mandelstein
PwC Experience Center.....50

Mike Caprio
Sizmek.....53

Nick Panayi
CSC.....56

FOCUS ON WHAT YOU CAN MEASURE

LEX BRADSHAW-ZANGER

Partner, Lead Consultant,
Radon Strategy Labs

The career of Lex Bradshaw-Zanger has spanned the growth of the Web and has covered America, Europe, and the Middle East. He was most recently the senior director, digital strategy for McDonald's Europe. Before McDonald's, Bradshaw-Zanger was part of the business partnerships team at Facebook. A former ad man, Bradshaw-Zanger spent more than 10 years in the agency world with WPP, Publicis, and Leo Burnett MENA. Father of three girls, he is a #DigitalNative, global #geek, and #Parisian.

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For Lex Bradshaw-Zanger, knowing which metrics are most meaningful in assessing the impact of marketing on business goals means first understanding a business' core principles, and then leveraging that business' metrics capabilities. "At the end of the day, understanding marketing effectiveness is about analyzing your customer base, identifying the right customers, understanding your segment potential, and knowing what resonates," says Bradshaw-Zanger. Many tools and many kinds of metrics can deliver these essential insights. Bradshaw-Zanger says, "The key is to focus on those things you can actually measure."

For example, some years ago, before there were significant digital and social marketing channels, Bradshaw-Zanger launched a direct online bank in France. The business did a lot of traditional TV and print advertising. "By tracking call center and website traffic within minutes of running an ad, we were able to attribute TV and print spend back to account openings and lifetime customer value," Bradshaw-Zanger says. To understand exactly what is happening as a result of marketing actions, you need to fully use the tools and data that are available to you.

KEY LESSONS

1. **Analyzing your customer base, identifying the right customers, understanding your segment potential, and knowing what resonates can help you to determine the metrics worth measuring.**
2. **Calculating a different reach-to-conversion ratio for each stage of a sales funnel would show marketing efficiency at each stage of the marketing-sales process.**

> *You must look at each step along the way and identify the right metrics for that point in the funnel.*

The business model is also important. Bradshaw-Zanger cites the telecom business as an example, which has a fairly complex mix of sales channels that includes online, in-store, and affiliates. Metrics must align with each stage of the complex sales funnel and what that specific stage is trying to achieve. Bradshaw-Zanger explains, "Is it awareness? Maybe a reach metric is the right measure for awareness at that point in the funnel. Is it consideration? Maybe engagement is the right measure. At the bottom of the funnel, you are looking at sales. You must look at each step along the way and identify the right metrics for that point in the funnel."

Senior business managers are typically interested in metrics that tie more directly to sales, but having digital channels and iterative testing strategies sometimes changes the discussion at the executive level. For instance, if there is doubt about the effectiveness of a strategy or questions about the sales performance of a particular product, a quick test iteration can help executives decide to shift marketing spend for a period of time, possibly away from brand marketing into performance marketing. "Those test metrics serve an educational purpose so that you can determine whether you need to support awareness or other lower funnel-specific activities," Bradshaw-Zanger says.

In Bradshaw-Zanger's opinion, one of the more useful and broadly applicable metrics is a reach-to-conversion ratio. "In an era where we can now segment and target audiences much more effectively than we ever could before, conversion rates should be much higher," Bradshaw-Zanger says.

"A reach-to-conversion metric gives a clear picture of both the scale and effectiveness of your marketing activity."

The reach-to-conversion ratio shows how effectively you are hitting the right people, and when you hit them, how effectively you are converting them. The interesting aspect about a reach-to-conversion ratio is that you can apply it in many different contexts. For instance, you could have a different reach-to-conversion ratio for each stage of a sales funnel so that each ratio gives an indication of the marketing efficiency related to that particular stage of the marketing-sales process.

This metric is also useful when presenting to senior business managers, some of whom will not be marketing people. "A reach-to-conversion metric gives a clear picture of both the scale and effectiveness of your marketing activity," says Bradshaw-Zanger. ■

WHEN CONSIDERING MARKETING METRICS, CUSTOMER EXPERIENCE IS KEY

TRINADHA KANDI

Specialist Leader, Digital Marketing and Analytics,
Deloitte Digital

With 15 years' experience in digital marketing, analytics and marketing operations, Trinadha Kandi is a technology expert on Adobe Marketing Cloud and IBM customer experience analytics and campaign management platforms and has worked in numerous verticals. Kandi received the University of British Columbia's Award of Achievement in Web Analytics, represented the Web Analytics Association from 2008 to 2010, and presented at the 2012 Digital Analytics Association Symposium India and the 2014 Direct Marketing Association Conference.

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When considering which marketing metrics are best for assessing business impact, according to Trinadha Kandi, the determination often depends on the business objectives you are trying to achieve in your industry or vertical. Marketers operating in the financial space, insurance space, life sciences, and even the automotive sector will need to use different metrics based on their unique objectives and business models. "That being said," Kandi adds, "one element that is uniform across the industry is the customer. Every brand and every company, no matter their vertical, is looking to acquire, engage, or retain a customer. The customer experience has increasingly become a focal point for marketing strategies because it is so closely linked to business strategies."

Kandi believes that unless a business initiates a dedicated discussion about the customer and the customer experience, the task of devising a complete or holistic marketing strategy will be impossible. When looking at the question of how best to acquire, engage, or retain a customer, he uses a framework, which he calls the Four Cs, to guide the conversation on metrics: customer, channel, content, and conversions.

KEY LESSONS

1. **Any business today, no matter their vertical, should have the goal of delivering a quality customer experience.**
2. **Through tracking and evaluating its customer, channels, creative, and conversions, a business can understand and improve its customer experience and ultimately, its business performance.**

> *The customer experience has increasingly become a focal point for marketing strategies because it is so closely linked to business strategies.*

"It starts with your customer," he says. Marketers need to have a clear understanding of their customer and their customer's unique interests and preferences. Customer-focused metrics that are helpful for this purpose include reach, loyalty, lifetime value, and retention rate.

After a business has carefully considered the customer, it should then determine how best to reach that customer. Kandi explains, "If I want to acquire, engage, or retain a customer, what channels am I going to use? That is the second C—the channels. If you want to acquire a customer and you are in the digital space, you need to consider the tactics you will use, such as search, display, email, social media, and mobile. You need to leverage these channels to reach your end customer." At this stage, a marketer needs to evaluate metrics such as marketing channel performance, marketing ROI, cost per lead, and cost per acquisition.

After identifying the combination of channels and tactics that are optimally suited for connecting with the customer, a business will need to decide how best to engage with the customer. "What do you provide to the customer, whether it is your product, your service, or your solution? You must be clear on what value you are delivering to your customer. This is the third C—your content and your creative experience. The content and the experience are the elements you apply to the channels and tactics you use to engage with your customer." Metrics that will be helpful to consider at this point include content effectiveness, visitor engagement rate, and site stickiness.

"I will look at my marketing activities and say, "What is my ROI? What is my conversion rate?" If I invested money in marketing channels, at the end of the day, I need to look closely at the conversions."

After a business has selected the right content and creative and has begun applying them on a variety of channels to engage with the customer, it will be time to look at the fourth C—conversions. At this point, Kandi says, "I will look at my marketing activities and say, 'What is my ROI? What is my conversion rate?' If I invested money in marketing channels, at the end of the day, I need to look closely at the conversions." To understand success in this area, he recommends that marketers examine metrics such as their purchase funnel, lead-sales conversions and goal completion rate, which measures how effective campaigns are at enticing audiences to complete a specified marketing goal.

By looking at these four KPIs—customer, channel, content, and conversion—a company, no matter the industry or business model, can determine how best to improve the customer experience. Because improved customer service is at the core of so many business conversations today, Kandi believes moving the needle on that aspect of the business will help marketers achieve their goals. ■

KAT MANDELSTEIN

Customer Experience and Marketing Leader,
PwC Experience Center

Kat Mandelstein focuses on customer-centered business strategies for a digital age. From strategy through execution, Mandelstein has led customer experience and marketing teams to deliver results for some of the most recognized brands in the world. She recently returned to the PwC US Experience Center team from PwC UK, where she helped develop the digital practice. Previously, Mandelstein led global digital and marketing teams at IBM and led one of the earliest successful online retailers, jcpenney.com. Mandelstein started her career in advertising agencies, including Malone Media.

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When Kat Mandelstein advises global business-to-business (B2B) and business-to-consumer (B2C) clients on how to build effective, integrated marketing strategies, she draws on the lessons she learned in her pre-Internet career at retailer JCPenney. "It all boils down to customer experience," she says. Although marketing tools and techniques have changed, tracking and improving the customer journey over time should be the number one priority for most businesses.

In fact, Mandelstein has discovered that regardless of whether a customer relationship begins with a face-to-face experience or a purely digital one, customers have come to expect that a company will recognize and appreciate both the customer and their cumulative interactions with a company.

Although each business has unique needs, Mandelstein asserts that value is derived from more than just price. "Optimizing the customer experience across every touchpoint and interaction is ultimately more important than price promotions. Building loyal customers depends on providing them with what they want at the time they need it."

KEY LESSONS

1. **Regardless of how they first became a customer, people want to be recognized and appreciated over time, which requires advanced tracking and full integration of marketing and sales systems.**

2. **Brand sentiment can be a valuable measurement tool, but it requires a savvy human filter to eliminate possible misinterpretations due to the nuance of context.**

> *Optimizing the customer experience at every touchpoint and interaction is ultimately more important than price promotions. Building loyal customers depends on providing them with what they want at the time they need it.*

To deliver an optimal experience, companies must recognize past customer interactions and purchases and consider them during future engagements.

This holistic view of customers requires the integration of marketing with customer relationship management (CRM) systems, and ideally includes unique campaign identifiers "so that you can track where people are responding to your marketing activity and then look at how much influence those tactics have on closing a sale," says Mandelstein.

Tracking marketing and customer behavior only go so far, however, and Mandelstein admits that finding any single metric to measure the *quality* of customer experience is no easy task—rather, marketers need to consider several data points. "Measuring customer experience is more difficult than just looking at raw data," she says. "You need to look at a mix of elements, such as survey results, buying patterns, and pass-along recommendations to others."

Tracking improvements in brand sentiment scores can be a useful metric in this area, according to Mandelstein. However, she cautions that marketers need to "spot-check specific words and terms being considered" when calculating sentiment score, as sarcasm used in social media can easily distort results, and contextual issues must be factored in as well. "You need to look at the general data brand sentiment tools are providing," says Mandelstein, "but you also need to do a cross sampling to see how words are actually being used to make sure that data is valid. You may need to remove words that are used out of context so that you get a true picture of how customers perceive your brand." Indeed, businesses need to look well beyond just brand sentiment and consider consumer attitudes toward product categories, business verticals, and other broader context.

> *"Measuring customer experience is more difficult than just looking at raw data. You need to look at a mix of elements, such as survey results, buying patterns, and pass-along recommendations to others."*

Mandelstein points to an increasing number of "marketing suite" tools from the major CRM vendors as a sign that there is strong recognition of the need for more holistic views of customer behavior and tracking, which often requires integration of systems. The raw data coming out of these systems can be useful in evaluating specific campaigns and building more effective integrated marketing initiatives, but marketers should be cautious not to lose sight of the basics. Are customers being recognized and appreciated for their business? Whether ordering a Christmas toy from a mail-order catalog or returning a purchase made online in a physical store, is the customer's experience a positive one that makes them want to return? If that is not the case, no amount of metrics measurement is going to save the day. ■

MIKE CAPRIO

Global General Manager of Programmatic and Mobile DSP StrikeAd,
Sizmek

Mike Caprio, global general manager of Programmatic and Mobile Demand Side Platform StrikeAd at Sizmek, is a technology executive who has led global teams in creating product and sales strategies, developing platforms, and transitioning and building businesses. For nearly 20 years, his focus has been on advertising technology across traditional and digital media, with an emphasis on programmatic, mobile, and video. Caprio is a respected expert and consultant in incubating and implementing disruptive business models and technologies to drive performance.

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Recent research by eMarketer reveals that over 31 million US internet users will only go online via mobile device in 2016. That's why, when looking to measure marketing success, Mike Caprio feels that cross-device intelligence is essential. The average consumer now has more than two devices, which presents both an opportunity and a challenge for the marketer in accurately measuring customers' engagement with your brand. "When you have an accurate view of what individual audiences are doing based on a user as opposed to by device, you can apply attribution. This practice has been done for years in desktop, but in mobile environments, it's more challenging. However, when you solve the barrier through third-party technology, it will give you a much better sense of the media and the tactics that are driving the best sales results," he explains. And, of course, better attribution leads to better ROI.

Brands must first identify and merge the information they have on both desktop and mobile environments to make this perspective possible. To do so, they must obtain a device ID and link it with the anonymous cookie associated with the desktop activity for that consumer.

KEY LESSONS

1. **Today's multi-screen world poses unique marketing challenges, but if you can achieve a unified view of the consumer, it opens opportunities to deliver more personalized campaigns.**
2. **Refining marketing strategies based on performance insights gained from past campaigns is an iterative process that can lead to increased sales and conversions.**

> *When you have an accurate view of what individual audiences are doing based on a user as opposed to by device, you can apply attribution.*

Brands that have a CRM record for that consumer can take it one step further and track all of their marketing activity through a single key. "This unified view of the consumer has become the ultimate goal for advertisers and brands. It particularly appeals to brands that are looking to take more ownership over their data, especially in relation to their consumers and their CRM," Caprio says. "To be clear, this is not about personally identifiable information (PII), it's about segmenting customers based on historical patterns—and applying advanced analytics on top to become predictive."

Using this data in combination with advanced marketing attribution allows a brand to look at all paid and earned media. "That will give you a really good sense of what is motivating the behavior you are looking for from an audience perspective," Caprio explains. "Then you can segment your audiences into people who are actively engaged with your brand, people who are passively engaged with your brand, and people who are not engaged at all with your brand."

After analyzing these metrics to gain an understanding of how consumers are engaging with their brand, marketers can then use geo-location tracking to deliver timely offers. "Suppose you are Starbucks and you want to do a mobile programmatic campaign," Caprio says. "You can target anonymous mobile users within a given distance from your store location during a particular time and under certain criteria. You can run adaptable and dynamic creative that says for people who are standing in front of a Starbucks, 'Come into Starbucks right now and save 50 percent on a Frappuccino.'"

"You buy media, you learn, you buy better, but unless you have the infrastructure in place, it is really tough to do."

However, the challenge is being able to trace purchases resulting from the geo-targeted offer back to the campaign. "Unless consumers pay for the products through their phone, through your app, you cannot associate that purchase to actual sales," Caprio notes. Although consumers are increasingly using their mobile devices for payments, this trend has not yet reached critical mass. If consumers pay at the cash register with their credit cards, however, it is possible to identify the uplift on such purchases and link it to sales. But footfall analysis has yielded some interesting correlations in limited studies.

Measuring and learning from campaign results is an iterative process, Caprio explains. "You buy media, you learn, you buy better, but unless you have the infrastructure in place, it is really tough to do." By leveraging cross-device advanced attribution alongside insight gained from past marketing campaigns, brands can take advantage of the knowledge they have gained about their respective audiences, delivering a personalized offer in a time and place where consumers are most receptive to take action. In this way, brands can realize increased sales and optimal business value. ■

NICK PANAYI

Head of Global Brand and Digital Marketing,
CSC

Nick Panayi joined CSC in 2011. His areas of responsibility include digital marketing, global brand management, social media, and demand center and activity-based management. With more than 20 years in the technology industry, Panayi's experience includes management, strategic planning, and marketing roles with Avaya and Compaq. *BtoB Magazine* named Panayi to the list of 2013 Top 25 Digital Marketers. He has a bachelor's degree in marketing and an MBA and works out of CSC headquarters in Falls Church, Virginia.

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When Nick Panayi and his team check the marketing dashboard as part of their morning "coffee report" each day, they usually look first at a single key metric to evaluate the highly disciplined "Leads-to-Cash" system they have created: the ratio of marketing-qualified leads (MQLs) that have been accepted as sales-qualified leads (SQLs). This one number best measures the results of all the sophisticated lead generation, qualification, content creation, predictive modeling, and customer tracking capabilities of a modern digital marketing ecosystem. "Everything we do is about adding to or enriching the sales funnel," he says, but cautions that the MQL:SQL ratio is only meaningful if "there is a single version of the truth" and everyone understands and uses the same lexicon and data. "A single source of truth ensures you are not spending time figuring out the numbers," he says, "but rather what course corrections to make."

Establishing this single version of the truth is not an easy task and consists of three key pillars, according to Panayi. First, the digital marketing ecosystem must be airtight and fully integrated, which requires keeping a "death grip" on the process so that all data is consistent and comparable from initial lead to completed sale.

KEY LESSONS

1. **Metrics should be centralized and normalized in a highly controlled, well-defined platform that everyone in the organization understands and supports.**
2. **It is important to build a company culture where everyone looks at the same dashboard first thing in the morning to get a good picture of what is happening across the entire sales journey.**

> *There should be no guesswork as to whether your activities have line of sight to results.*

"There should be no guesswork as to whether your activities have line of sight to results," he says. Every piece of content, every customer, every marketing touchpoint, and all resulting activity should be tracked with unique identifiers and attached to the lead for the entire sales life cycle.

Second, educating the full organization to the terms and data being used is essential. "Everyone is entitled to their opinions," says Panayi, "but no one is entitled to their own definitions." This mutual language leads to higher levels of cooperation between sales and marketing and builds an inclusive team culture. "Our job is not done when we hand over a lead to sales," says Panayi. "We have full ownership as the team moves forward all the way to deal close."

The last pillar, says Panayi, is an "easy to understand, dynamically updated, and consistently beautiful" dashboard, which is viewed widely so that "the same joy and pain is shared and experienced consistently across your organization." In Panayi's case, this need for consistency means aggregating more than 50 modules from more than 30 companies into one highly visual display. "You need to build the kind of culture," says Panayi, "where everyone looks at the dashboard first thing in the morning to get a good picture of what is happening across the entire sales journey."

"A single source of truth ensures you are not spending time figuring out the numbers, but rather what course corrections to make."

Not every company has the resources to build and execute a sophisticated, fully integrated system such as the one Panayi oversees, but his key messages and metrics are applicable across many marketing platforms:

- Do not build a "Tower of Babel" with your data. Keep it clear, well-defined, and presented in a way that shows direct impact on sales goals.
- Insist on total transparency, making the marketing dashboard or equivalent available to all who ask for it and, suggests Panayi, to many who do not.
- Minimize what Panayi calls "off the grid" reports or discussions, focusing everyone, including the chief marketing officer (CMO), on the data presented in the dashboard.
- Insist that key performance indicators (KPIs) must be both measurable and trackable in the dashboard, and help each person identify and fully understand the metrics that are most relevant to executing their role.

"If you think about the steps as a journey—from initial marketing effort to MQL to sales-accepted lead to SQL and eventually to sales close—then everything you do and measure," says Panayi, "should be about moving customers along that path." ■


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In this Section...

Sandra Zoratti
The Marketer Network.....61

Chris Diskin
Wells Fargo.....64

Annie Gherini
StumbleUpon.....67

Martin Majlund
Carlsberg Group.....69

Jessica Williams
Visa.....72

Katharine Swarney
Nissan Europe.....75

SANDRA ZORATTI

Chief Marketing Officer,
The Marketer Network

Sandra Zoratti is an award-winning business leader, author, and speaker who also serves on boards to advise on strategy, marketing, and growth ideas. Zoratti built and launched the data-driven marketing practice, "Precision Marketing," and coauthored (with Lee Gallagher) the book *Precision Marketing: Maximizing Revenue Through Relevance.* Zoratti's career includes experience at technology leaders IBM, Westinghouse, Ricoh, and Avery as well as at her own marketing practice. Zoratti has a bachelor's degree in chemical engineering and master's degree in business administration.

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In her book, Sandra Zoratti makes the case for a disciplined approach to becoming a data-driven business that creates customer-based relevance to drive customer engagement and ultimately, revenue. With so much data available to modern marketers, however, the task of focusing on the data that truly matters—the data that will lead to increased sales or other desired results—is difficult. "What is most helpful to a marketer," says Zoratti, "are the metrics that talk about the quality of the engagement versus the volume of engagement."

As a pioneer from the days when print marketing was undergoing a revolution thanks to digital customization, Zoratti had an early taste of how much more effective marketing messages are when they are targeted and relevant to consumers. Zoratti acknowledges that many of the traditional metrics from print are obsolete in this era of customers-in-control and the increasing dominance of digital and social customer engagement.

"I believe a marketing leader has to leverage a multi-dimensional, multi-channel approach tied to specific goals when it comes to evaluating metrics," says Zoratti. "Only then can you understand what is happening with existing and prospective customers within the context of the stages of the buyer's journey."

"Marketers should be putting increased importance on customer loyalty and customer churn rate."

KEY LESSONS

1. **Understanding the entire buying journey is critical to building customer loyalty and expanding on an already successful customer relationship.**
2. **Be sure to look at multi-channel data when evaluating effectiveness, as no one marketing channel or tactic is an accurate indicator of the impact of the entire campaign on customers and future business.**

Zoratti believes the most effective tools are the ones that track engagement goals that are relevant within and across the buyer's journey. Because so many prospects complete the majority of their journey anonymously and via a tortuous path, tracking this engagement can be challenging. For brands who take on the challenge, the marketing ROI rewards make it worthwhile in both optimizing the marketing portfolio and budget. This includes knowing where to invest more, where to stop investing and where to try different approaches.

"I like focusing on customer acquisition costs and conversion rates," says Zoratti, "but marketers should be putting increased importance on customer loyalty and customer churn rate." Those are the most critical metrics because the loyal customer can become an advocate who buys more, buys longer, and tells others about their experiences. Additionally, the tried and true rule of thumb that acquiring a new customer costs 5-7 times more than retaining an existing customer further amplifies the benefits of focusing on customer retention.

New approaches such as measuring social media sentiment and employing data-driven marketing are ways that Zoratti recommends getting a 360-degree view of customers and prospects. Leveraging rich insights from data is a proven way to improve understanding of customer behavior and align marketing content and campaigns in more engaging and relevant ways. "Consider looking at the viewing time a customer spent with your content," says Zoratti, "or what behavior actually happened after the click-through. Did you get the prospect or customer to consume your content and did that result in a certain journey or task? Emotional attention metrics are meaningful today."

"Emotional attention metrics are meaningful today."

Although there is a plethora of metrics that can be generated and reported today, Zoratti says, "Ultimately, I want to know: did I produce incremental revenue, did I produce new clients, and did I increase revenue from existing clients? The challenge is that campaigns usually cross several channels, so understanding how the campaign performed by channel, customer, segment, and many other dimensions is critical. Overcoming this challenge requires looking underneath the metrics, breaking them into a more granular story and understanding what is really driving consumer behavior and loyalty, not just looking at the end results of the campaign."

THE MOST IMPORTANT MARKETING METRIC MIGHT BE ONE YOU NEVER SEE

CHRIS DISKIN

VP of Digital Marketing,
Wells Fargo

Chris Diskin is a vice president of digital marketing at Wells Fargo, where he leads a team focused on digital marketing strategy, programs, and enablement for financial advisors, wealth managers, and other regulated individuals. With more than 15 years of experience in financial services, Diskin has held roles in digital marketing, content marketing, and investment product marketing. Diskin's career has been defined by his ability to build and manage scalable marketing programs in a regulated space.

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One metric Chris Diskin worries about can be elusive and difficult to represent on a dashboard or daily report—how many consumers eliminated his company's products and services from consideration today? "Analysis of the purchase journey research, or how consumers choose professional services such as a financial advisor, shows us that consumers are more likely to use research as a way to eliminate prospective advisors rather than choose them," says Diskin. "So we look at many of our marketing initiatives as a way to stay in consideration and not be eliminated." Finding objective evaluation metrics that uncover the reasons people eliminate someone from their search efforts has required several in-house data-gathering initiatives and some reverse engineering by Diskin's team.

Many of the financial advisors Diskin supports work independently and often have their own websites and local marketing efforts. This reality makes it difficult to gather even the most basic metrics across all geographies and sectors and to evaluate factors such as social media presence and content effectiveness.

> *We look at many of our marketing initiatives as a way to stay in consideration and not be eliminated.*

KEY LESSONS

1. **When data is hard to come by or difficult to compare, analyzing behavior from successful campaigns can reveal important patterns that raw numbers may miss.**
2. **An important metric to consider is to determine how many consumers eliminated your company's products and services from consideration during the research phase. Although this metric might be difficult to quantify, the data is worth the effort.**

To address this challenge, Diskin employs Amazon's Mechanical Turk service—which uses inexpensive testers around the world to do online and other types of research—to look at the LinkedIn profiles and websites of nearly 10,000 advisors and answer a predetermined set of yes-no questions about the content of those profiles and sites. "We plug those results into a formula," says Diskin, "and give every advisor a LinkedIn score. This LinkedIn score is combined with a website score to identify the best digital financial advisors. We then compare this group to a control group of similar advisors with lower scores." These scoring metrics then determine a series of best practices that are correlated to a business lift.

The second set of in-house metrics Diskin looks at closely are a content engagement score and content effectiveness score for each of 300 pieces of content in the company's online library. "Content engagement is definitely a metric that we anchor on," he says, "because research and testing data have clearly shown that the more a prospect is engaged in content, the more likely they are to move through the process of becoming a client." Diskin's team has devised a weighted scoring system for content; this system places a hierarchy of value on actions such as simple clicking, sharing on social media, leaving comments, and engaging in follow-up behavior by the content viewer. The resulting total scores, according to Diskin, "tell us whether we are doing the right things and reaching the right people at the right time."

"Content engagement is definitely a metric that we anchor on because research and testing data have clearly shown that the more a prospect is engaged in content, the more likely they are to move through the process of becoming a client."

"One of the things we have learned at a high level from this process," says Diskin, "is that the closer the topic of a content piece is to an individual's life, the more engagement you are going to see." For example, articles about complex financial topics receive lower scores than articles about saving for individual retirement or those about professional development. "Topics that are more relevant to clients' lives and less about us drive greater engagement," he says.

Thus, although no single metric summarizes all the variables inherent in a sales process—which includes a combination of corporate efforts (that Diskin's team controls) and individual advisor efforts (which may be different from place to place)— Diskin's research has identified customer behavior that is common among the company's more successful advisors. The resulting social media and content scores upon which his team relies are now good proxies for the more traditional marketing metrics many companies use. ■

MARKETING METRICS SHOULD FOCUS ON CUSTOMER ENGAGEMENT

ANNIE GHERINI

Head of Marketing,
StumbleUpon

Annie Gherini leads the marketing team at StumbleUpon, Inc., for both consumer and B2B products. Before joining StumbleUpon, Gherini worked with large entertainment brands, such as Sony PlayStation and Paramount Pictures, and led marketing for several early-stage mobile and social start-ups. Her focus has been on coupling data-driven performance campaigns with strategic and engaging brand initiatives. Gherini is a thought leader in understanding how to market and connect to the millennial generation.

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When determining what marketing metrics will best demonstrate business impact, Annie Gherini believes it is important to first define and understand the metrics of success for the company. "If the company is focused on sales or user base, for example, the first order of business is to understand those metrics and then drill down from there. After that, a marketer needs to define the marketing objectives that will fulfill those business metrics," she says.

One of the biggest marketing trends Gherini has recently noticed is a decreased focus on impressions and an increased focus on engagement. "The focus is on getting quality users and keeping them in the cycle. As consumers become more mobile-driven, we have to step away from our old tactics, which were often based on using banner and display ads to get those impressions," she explains.

Savvy marketers are now using tactics such as content marketing to drive engagement and inspire brand loyalty. "Brands that are creating high-quality content are asking, 'How long is the user engaging with this?' 'Are they sharing it?' 'What value are they getting out of these efforts?'" says Gherini. Using these methods, she asserts, marketers can acquire better customers with a greater lifetime value (LTV) than those who were obtained via banner or display ads.

"Ultimately, marketers need to look at the impact of marketing on business goals through the lens of engagement."

KEY LESSONS

1. **Customer engagement is a key metric that marketers should evaluate to understand the impact of marketing on the business.**
2. **Brands are increasingly driving engagement through content marketing, delivering high-quality branded content that inspires customers to engage and share.**

As marketers know well, one of the most powerful channels for acquiring and retaining new users has always been word of mouth. In the past, word of mouth was difficult to measure, let alone accomplish. As the David Ogilvy quote goes, "It is like manna from heaven, but nobody knows how to do it on purpose." But Gherini believes that process has become much more transparent in the age of social media because word of mouth can now effectively be tracked. "We can see how people are talking about us and promoting us, and we can quickly respond if the conversation turns negative," she explains.

Businesses are also engaging customers with excellent branded content. "What we see at StumbleUpon, especially with the Millennial audience, is that these users do not care if the content is sponsored. They just care whether it is good. This measure is the metric of success," Gherini says. When branded content is done well, users and potential customers not only engage with it but also share it, becoming valuable brand advocates.

As marketers build meaningful brand relationships with customers, the results can make a positive difference for the business. "As we create these really great relationships with customers and prospects, it not only elevates the brand perception but also can really affect those initial metrics of business success that are coming from the top," she adds.

"Ultimately," Gherini advises, "marketers need to look at the impact of marketing on business goals through the lens of engagement. By delivering quality experiences that engage and inspire customers, particularly through excellent content that users relate to and want to share with their own networks, marketers can effectively track word of mouth. In doing so, they can attract better, more valuable long-term customers and drive business growth. ■

"As we create really great relationships with customers and prospects, it not only elevates the brand perception but also can really affect those initial metrics of business success that are coming from the top."

MARTIN MAJLUND

Head of Global Marketing Technology,
Carlsberg Group

Martin Majlund, head of global marketing technology, has been leading the development and implementation of marketing platforms, tools, and technologies (social media, Web, mobile, and trade) to support brand initiatives across international and local power brands at Carlsberg Group for the past four years. Prior to Carlsberg, Majlund worked for several years at various creative and digital agencies.

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When it comes to key marketing metrics, one of the world's largest breweries has marketing challenges that differ from those faced by many companies. As Martin Majlund, explains, "We have more than 500 brands. Five are global brands, and the rest are local brands and brand extensions. Each brand has its own messaging and its own key performance indicators (KPIs)."

To further complicate the marketing challenge, breweries do not own points of sale. Their customers are wholesalers, grocery stores, and various retailers, such as restaurants and parks. This setup means they do not have access to actual customer point-of-sale data to analyze against marketing efforts. "We do not know the exact correlation between our share voice and our spend," says Majlund. Also, beer consumers behave differently than consumers in many other brand categories. For instance, the choices they make at the point of sale often relate to "top-of-mind" rather than brand loyalty. Such is especially true of the global brands. "It is actually cheaper for us to recruit a new consumer than retain an existing one," says Majlund. "If we are not careful, we can pretty easily over-invest in conversion and retention programs."

> *Our favorite metric continues to be reach, especially for our mainstream brands... We know that massive reach equals massive sales.*

KEY LESSONS

1. **Given the highly segmented approach needed to market so many different brands, reach becomes a foundational metric.**
2. **Reach provides a correlation between spend that is targeting a unique audience segment and the resulting brand lift in the form of gross sales.**

Given the dynamic of this business model, Majlund must support a two-track marketing strategy. One markets directly to beer consumers. Each brand has its own target audience based on age, location, and other demographics. The goal of this effort is to create brand awareness and appeal, and to keep the brand top-of-mind. The second marketing track targets Carlsberg's direct wholesale and retail customers with brand and awareness marketing. These two strategies overlap. "The more attractive our brands are to consumers, the more attractive they are to our wholesale and retail customers, because they know our brands will drive more footfall to their venues," Majlund says.

So what metrics are most important to this business? "Our favorite metric continues to be reach, especially for our mainstream brands," says Majlund. Reach is a measure of the audience that is exposed to a targeted message. This metric is measured in different ways depending on the channel—TV, for instance, versus digital advertising or social media such as Facebook. Given the highly segmented approach needed to market so many different brands, reach becomes a foundational metric. "It tells us if we are getting the right message to the right people, so we can influence perception of our brand such that people choose our brand at a bar or a supermarket," says Majlund. Although they cannot see the direct impact of consumer marketing on point-of-sale numbers, the marketing team can see a relationship between reach and gross brand sales, which are sales through wholesalers and retailers. "We know that massive reach equals massive sales," says Majlund.

"If the brand lift is not what it should be for that spend, the problem comes down to matching the right message with the right audience."

Reach becomes the basis for other calculations that are more indicative of the efficiency of the marketing programs. For instance, cost per reach point is important, especially because different promotional channels have different costs. However, one of most insightful metrics involves the following calculation: (spend ÷ brand lift) x unique audience reach.

This metric is useful in that it provides a correlation between spend that is targeting a unique audience segment and the resulting brand lift in the form of gross sales. "In this way, we are able to see how we can have the most effective media spend. We see the uplift in our brand when we hit the right audiences," Majlund says. "If the brand lift is not what it should be for that spend, the problem comes down to matching the right message to the right audience."

MAPPING TRANSACTIONAL DATA DIRECTLY TO MARKETING METRICS IS IDEAL

JESSICA WILLIAMS

Global Innovation Marketing and Analytics Leader,
Visa

Jessica Williams, global innovation marketing and analytics leader at Visa, focuses on digital and social activation and measurement across brand, B2B, and corporate marketing. Williams designs and executes innovative digital and social marketing programs to enhance brand equity, achieve revenue initiatives, differentiate products, and drive robust marketing, communications, and business strategy. Before Visa, Williams headed communications measurement at Yahoo! and led an analytics team at WCG, working on Fortune 50 brands such as Verizon, P&G, Intel, and Johnson & Johnson.

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In terms of marketing metrics, the advantage that Visa has is access to enormous quantities of data unavailable to many businesses. In addition to traditional direct response marketing metrics and brand metrics, the company has vast quantities of continuous product usage data coming from all over the world. This data can instantly reflect the impact of a campaign or marketing-related event. "By putting transactional data in context with brand and product marketing metrics, we can see the direct impact of marketing on revenue dollars for our partners and ourselves," says Jessica Williams.

Visa pursues a tightly linked two-pronged marketing strategy. One focuses on brand marketing to support key brand-related messages and perceptions. The other focuses on product marketing, which includes campaigns designed to encourage use of specific Visa payment products. Brand metrics are derived largely from pre- and post-campaign surveys to determine whether a campaign shifted opinions and perception about the Visa brand. Product marketing includes product-related direct response promotions encouraging enrollment or usage of certain payment products.

KEY LESSONS

1. **In the case of Visa, there is a concrete, measurable link between campaign performance and business revenue.**
2. **It is important to measure brand metrics, such as sentiment, as well as look at it in the context of direct response and transactional activity.**

> *By putting transactional data in context with brand and product marketing metrics, we can see the direct impact of marketing on revenue dollars for our partners and ourselves.*

Key product metrics include number of enrollments and actual transaction activity, which ties directly to revenue. In the case of Visa, there is a concrete, measurable link between campaign performance and business revenue. "We run advanced ROI models so that if we spend over a certain number of dollars, we can actually see the shift in consumer spending at the Visa net level," says Williams.

These strategies come together in programs like the Visa NFL and Olympics sponsorships. Williams explains, "One of our big measurement practices is really understanding the value that we bring to our partners—both merchants and financial institutions. We would be nothing as a brand without those relationships." Visa quantifies in revenue terms the value a sponsorship brings to a co-marketing partner. For example, Visa knows how many people watch NFL events, and the company has done a lot of research on second-screen and social activity during these events. So, if Visa is co-sponsoring an NFL event with a merchant partner to promote the mobile payment product Visa Checkout, Visa can accurately forecast impressions and exposure for that partner.

Visa can also pitch the idea, based on historical data, that Visa Checkout raises conversion rates from 20 percent to 86 percent, and Visa can accurately forecast sponsorship revenue for the partner. In a campaign like this, Visa gets a brand halo effect from partners, and the merchant partner gets the NFL sponsorship halo effect.

"One of our big measurement practices is really understanding the value that we bring to our partners ... We would be nothing as a brand without those relationships."

This setup works because people buy televisions to watch football. “With our data assets, we can see the actual uptick in enrollments and purchases using Visa Checkout during the event,” says Williams. Those purchases translate directly to revenue for both Visa and its partner. “We are able to measure brand sentiment, but we also look at that in the context of actual product usage by monitoring enrollments and transactional activity,” says Williams.

In addition to product-related direct response promotions, Visa also constantly looks at shifting brand metrics such as awareness, loyalty, and willingness-to-recommend. The company considers these metrics side by side with direct response metrics such as enrollments and compares all of these to product usage and consumer transactional data occurring in the same timeframe. In this way, Visa is able to identify a direct link between marketing expenditure and actual revenue. With a highly visible relationship between marketing expense and revenue, Visa is able to tightly control marketing costs. “We have concrete goals around how many enrollments we are driving, our cost per acquisition, and our cost per engagement. We are super focused on keeping those cost numbers low,” says Williams. ■

DO NOT NEGLECT THE METRICS THAT TELL THE MARKETING STORY

KATHARINE SWARNEY

Head of Social Media,
Nissan Europe

Katharine Swarney has 15 years marketing experience in North America and Europe, working in a broad range of marketing roles. A marketer with an engineering background, Katharine has always been passionate about using data & analytics to feed business decisions. She currently leads the Social Media team for Nissan across Europe, bringing social media to the forefront of Nissan's business strategies, including proving its impact on brand, sales and customer satisfaction.

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Katharine Swarney has always been data-oriented. "I have always found that using data is a great way to sell executives on strategic decisions or direction," she explains. At Nissan, she helped turn a traditional marketing research department into a full-blown marketing analytics team, and helped guide selection of the business metrics that her team tracks. She puts the following three metrics at the top of her priority list in the automotive business:

• **Sales and Market Share.** Sales drive profits, obviously. "Sales metrics are going to be important, especially if you have a strong manufacturing component," Swarney says. "Forecasting your volumes and ensuring that your sales are on track is core to the business." However, these numbers can be fickle, she warns. Sales might fall for reasons having nothing to do with marketing, such as fluctuating fuel prices or macro-economic factors. That realization led Swarney's team to perform a months-long econometrics—or multi-sourced attribution modeling project, which showed marketing's impact on sales. The result was surprising, she states, but it helps keep the influence of marketing in perspective.

> *I have always found that using data is a great way to sell executives on strategic decisions or direction.*

KEY LESSONS

1. **Measuring brand health against the competition is a key metric. The higher the brand value of a company, the more leverage the company has for what it can charge.**

2. **Using multi-sourced attribution to track the impact marketing has on sales can help companies understand the contribution of marketing to the bottom line, regardless of sales fluctuations resulting from outside forces.**

• **Revenue Per Vehicle Model.** "This metric is crucial because the European automotive business is discount-oriented," Swarney says. This metric helps keep profit-depleting discount offers in check, she notes. "You are setting a target to make sure that you are not getting your volume by aggressive discounting or incentives," Swarney explains. "Nissan uses both in-house and third-party data-collection tools to track revenue per model relative to the competition," she adds.

• **Brand Health.** At Nissan, this metric is based on in-house syndicated consumer survey data. "We measure our brand health based on a consumer survey against our competition," Swarney says. "Brand health is an important metric," she added. "The higher the brand value of a company, the greater premium price it can charge. Nissan has done studies showing that once a certain level of brand health and awareness is reached, then companies can begin reducing external marketing spend."

Although Swarney tends to trust in-house data more than third-party data, she asserts that consistency in data gathering is important regardless of the source. "What I always say when I am working on any kind of data tracking is make an assumption, state it, and stick to it," Swarney states. "We cannot do any modeling or trending analysis if we do not have a consistent history."

In addition to these top three metrics, her team tracks roughly 15 metrics in total. Not all are bottom-line business metrics. Web traffic and social media data are also key for Swarney. She warns against being too blasé about that kind of data. "Intermediary metrics can provide the key supporting evidence or early indicators for the C-Suite's favored balance-sheet metrics," she asserts. "You need to be able to understand the role of marketing in those C-Suite metrics, and be able to prove it with additional intermediary metrics," Swarney concludes. "You have to be able to tell the story that marketing plays in driving those metrics." ■

> *"Sales metrics are going to be important, especially if you have a strong manufacturing component. Forecasting your volumes and ensuring that your sales are on track is core to the business."*

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In this Section...

Alexander Montuschi
Cisco.....79

Jeff Marcoux
Internet Marketing Association.....82

Edward Nevraumont
Good Enough LLC.....84

Maciej Piwoni
Sage.....87

Jon Parks
Dijital Farm.....90

John Watton
Adobe.....92

METRICS CAN HELP EVERYONE ALIGN TO THE KEY GOAL—REVENUE

ALEXANDER MONTUSCHI

Digital Performance Manager for EMEA,
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With 12 years of international digital marketing experience, Alex Montuschi is the digital performance manager for Europe, the Middle East, and Africa at Cisco. His role is a mash-up of social media, digital advertising, and analytics. Previously, Montuschi served as European customer relationship management manager at lastminute.com. Studies in marketing communications in the US and UK, completed by an MBA in e-business management at MIP Politecnico in Milan, allowed him to develop broad expertise in the digital space.

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According to Alexander Montuschi, several metrics most directly measure the bottom-line business impact of marketing:

• **Registrations** (in Cisco parlance, "reveals"). "For us, registrations are the main metric," Montuschi says, "because this is where users 'reveal' themselves." He explains that reveals are defined by users raising their hands asking to be contacted. Reveals are crucial in helping the company qualify prospects. "The typical journey," Montuschi says, "starts with marketing content that is delivered on various channels." If all goes well, an anonymous user sees that content, clicks on the ad or link, and is taken to a landing page where they complete a registration form with their contact information, including phone number. Once obtained, that information is sent to the Cisco call center, which rings up the customer for marketing verification. Tracking registrations, then, is Cisco's entrèe to actual sales. "In general, registration is the start of marketing verification," Montuschi states. "It is our conversion."

• **Engagements.** This metric is Cisco's primary method for measuring how users engage with ads and other content such as whitepapers, video, and various reports. "Our goal is to engage with the users early in their buying journey and support them in their decision process," Montuschi says.

> *For us, registrations are the main metric because this is where users "reveal" themselves.*

KEY LESSONS

1. **The best marketing metrics are those that help the entire team—from channel owner to CEO—align on the same business goals.**
2. **Harnessing big data and applying advanced marketing attribution to that data delivers on the promise of every marketer's dream—delivering the right content, to the right person, at the right time and through the right channel.**

Cisco has begun unifying around an attribution-oriented definition for engagements, which assigns a point value to various engagements depending on their proximity to revenue generation. A Facebook "like" might rate 0.1 points, he suggests, while a registration rates 0.8 points. "We combine all these touchpoints in one single metric to provide a unified view of the media impact on engagement," Montuschi observes. What adds power to this metric is Hadoop—the big data distributed storage and processing platform that allows Cisco to analyze customers' complete profiles. When a user registers, Cisco can track backward through the anonymized, preregistered engagements of that customer to get a fuller picture.

• **Conversions from Engagement to Registration.** This metric tracks marketing-qualified leads (MQLs). An MQL is a prospect that has demonstrated enough interest to warrant direct, one-on-one nurturing. In effect, this metric reveals when the marketing rubber has hit the road. "Conversion rates from engagement to registration tell us the effectiveness of our content and digital marketing," Montuschi states. That information is crucial because it is relatively easy to generate lots of registrations. Although those raw numbers matter, MQLs matter a lot more. "This metric is important because it really validates the quality of the registration," Montuschi says. "That is a crucial point to us, as well as a positive metric."

The reason for singling out these metrics, Montuschi suggests, is that they are bottom-funnel-oriented metrics that connect directly to conversions and therefore to prospective sales. They can help bind the entire business—from channel owners to C-level executives—around a uniform set of business goals. "If we have a common goal, " he notes, "we can compare the performance and ROI on each channel quite easily."

"You need a data-driven attribution model that can uncover the real contribution that each marketing channel and tactic has on your pipeline. That is where Visual IQ can help us."

For Montuschi, the associated big data tools are the not-so-secret sauce that makes it possible for a marketing organization such as Cisco to align marketing metrics to the business mission in ways that, not long ago, seemed impossible. "We are now able to do what every marketer has always dreamed of—to provide the right content or action at the right time for the right audience," Montuschi says.

Of course, big data cannot do that alone. Only with the help of tools from attribution vendors, such as Visual IQ, does it become possible to leverage big data tools such as Hadoop to tailor channel-appropriate content to individuals and therefore become a truly omni-channel marketing organization, he asserts. "With Hadoop you have the data, but you still need the data-driven attribution model that can uncover the real contribution that each marketing channel and tactic has on your pipeline," Montuschi indicates. "That is where Visual IQ can help us."

JEFF MARCOUX

Board Member and Northwest Chairman,
Internet Marketing Association

Jeff Marcoux is a board member of the Internet Marketing Association. He has driven cross-product and team collaboration and supported multiple product releases, bringing new products to market through innovative content strategies, channel development, and acquisition integration work. He believes that every touchpoint with a customer—from marketing to sales to customer service—is a marketing experience. Marcoux is a marketing growth hacker and martech expert and brings entrepreneurial innovation to a big tech world.

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When Jeff Marcoux considers how CMOs can best evaluate whether marketing is helping the business achieve its goals, he recommends that marketers ask themselves a few key questions. "First, 'Is my brand growing and is it positive?' The ability to measure brand growth is important because you want more people to become aware of your product and offerings, and you want that awareness to be positive. It would be terrible to earn your brand awareness because of some mistake or flub that occurred in the space."

The second determination is whether the sales team is happy. "Are you driving enough leads and, in particular, enough qualified leads, to your sales team? If your sales team is not happy, the team is going to point the finger at marketing. Working in collaboration with sales to establish what a sales-ready lead looks like and defining a common set of well-defined outcomes is key," Marcoux explains.

The third and most crucial question for any marketer is, Can I show the impact of marketing on the business? "I define this metric as being able to tie demand-generation activities all the way through to revenue," says Marcoux.

> *"Are you driving enough leads and, in particular, enough qualified leads, to your sales team?"*

KEY LESSONS

1. **To assess the contribution of marketing to business goals, CMOs should look at brand growth, the effectiveness of lead-generation efforts based on sales readiness and deal size, and how demand-generation activities are tied to true, bottom-line revenue.**

2. **Although understanding revenue is critical, it is also important to associate marketing activities with the opportunities they generated, and then look closer to determine why lost opportunities were not successful.**

"If you are able to track your marketing efforts only to opportunities, you do not know how many of those opportunities closed. At the end of the day, you need to know the true bottom-line revenue that you contributed to as a group."

Although revenue is critical to understand, it is also important to track your marketing activities to the opportunities they generated and then look closer to determine why lost opportunities were not successful. "Is it because expectations were not set right? Is it because the sales team did not follow up or is having difficulty closing those leads? This insight can be really helpful," Marcoux explains.

Deal size can also be a useful metric to explore, he notes. "If marketing is driving a bunch of small deals whose overall impact on the company is minimal, you might want to look at how you up-level your strategies and tactics. And if marketing is driving all the big deals, that information is good to have as well."

By asking a few key questions, marketers can begin to unlock the crucial areas in which they contribute to business growth. From there, taking a close look at opportunities and deal size will help illustrate the contributions of marketing toward the bottom line. ■

"If you are able to track your marketing efforts only to opportunities, you do not know how many of those opportunities closed."

EDWARD NEVRAUMONT

Chief Marketing Officer, Author and Advisor,
Good Enough LLC

Edward Nevraumont is focused on helping companies grow. He led the turnaround of A Place For Mom, was an executive at Expedia, and spent 4 years at McKinsey working around the world, including in Australia, Nigeria, Denmark, and the Congo. He is author of *The Ultimate Improv Book*, and his upcoming book, *Good Enough*, is an exploration of the counterintuitive notion that being good is better than being excellent. He has an MBA from Wharton and an undergraduate in physics.

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Edward Nevraumont believes there are two types of marketing: marketing tied to revenue and marketing tied to expenditure. "The world is rapidly moving from marketing as a cost to marketing as a revenue driver," he explains. He adds that if marketers are not already approaching their metrics from this perspective, they should make the shift as soon as possible.

However, in some cases, it may not be possible to directly measure revenue. For instance, some campaigns are designed to stimulate brand awareness and consideration versus a direct response, and are therefore harder to tie to the bottom line. In those situations, Nevraumont recommends analyzing reach. "Reaching people who have not seen your brand before and getting them to remember your brand is key. The next step is to figure out if your brand is being linked to specific category entry points."

A fast food restaurant, for example, might want people to consider its brand when they are thinking about eating, but not every meal is the same. There is breakfast, lunch, and dinner—and different decision-making processes might be set up around each of those meals.

> *The world is rapidly moving from marketing as a cost to marketing as a revenue driver.*

KEY LESSONS

1. **Marketing metrics should focus on linking marketing spend to revenue to best demonstrate business impact.**
2. **If revenue cannot be directly measured, another option is to measure reach in the form of network size and mental penetration.**

From the perspective of a marketer, each of those meal categories is considered a category entry point.

"Your job is to maximize category entry points," advises Nevraumont. "You could measure that by first defining those category entry points. Instead of asking consideration questions, such as, 'What fast food restaurants do you recognize?,' which a lot of brand research does, you should ask, 'When you are thinking about going out for dinner, which restaurants do you consider?' 'When you are thinking about going out for breakfast, which restaurants do you consider?'"

From there, you can draw out data that you can use to evaluate the performance of your brand in desired categories, according to Nevraumont. "There are two metrics to consider. What percentage of customers list your brand at least once in each of those category entry points—your mental penetration—and, of the people who think about your brand, in how many category entry points are you considered—your network size."

Nevraumont shares an example. "Suppose 50 percent of people consider McDonald's for lunch, but nobody considers them for dinner or breakfast. In this case, McDonald's has a 50-percent mental penetration but a network size average of just one. Suppose only 30 percent of people consider Denny's at all, but when they do consider Denny's, people consider it for both breakfast and dinner. In this case, Denny's has a 30-percent mental penetration and two for its network size. If you multiply those two, Denny's actually has higher mental share than McDonald's has if you assume an equal split of category entry points between breakfast, lunch, and dinner."

"A bigger reach will get you higher mental penetration and smart creative will enable you to increase your network size."

When multiplied, mental penetration and network size demonstrate overall brand awareness or mental market share. "If you do well on marketing, you should be able to drive up mental penetration and network size," he says. "A bigger reach will get you higher mental penetration and smart creative will enable you to increase your network size."

In sum, Nevraumont strongly believes that the best method for demonstrating the impact of marketing on business goals is by directly tying marketing spend to revenue. However, if that is not possible, Nevraumont feels that reach—calculated in the form of network size and mental penetration—will help highlight how marketing campaigns contribute to business success. ■

MACIEJ PIWONI

Global Digital Analytics Manager,
Sage

A creative yet data-driven digital analytics professional, Maciej Piwoni has a proven track record in the analytical environment, including optimization, insights, data storytelling, communications, and budget management. As global digital analytics manager at Sage, Piwoni develops and executes the global digital analytics strategy and mentors the modeling and marketing performance teams. With 10 years of hands-on digital analytics experience and 14 years of Internet-related experience, he is a strong advocate for agile marketing based on data and logic.

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Maciej Piwoni has never met two executives who want to discuss the same metrics. Taking this awareness into account, he focuses on three primary balance-sheet metrics that serve as an anchor point for discussions:

• **Revenue Performance.** Executives are most interested in revenue and revenue-based metrics, Piwoni believes. "They have a handle on digital marketing," Piwoni says, "but they need more than ever to understand the role of marketing in revenue generation. Executives want to be able to drill down and have a complete understanding. 'What is driving that number? What products? What data ranges?'" Some marketers think it is unfair to make marketing accountable for revenue metrics, he notes, but it is unavoidable. "It is one of the most difficult elements," he says. "But at the same time, we cannot just say no because it is difficult."

• **Sales Velocity.** Simply put, this metric measures how fast customers move from the top to the bottom of the sales funnel. "Sales velocity is one of those paramount metrics that companies should track to understand how much time and money is spent to acquire a new customer," says Piwoni.

> *Sales velocity is one of those paramount metrics that companies should track to understand how much time and money you spend to acquire a new customer.*

KEY LESSONS

1. **Executives are most interested in revenue and revenue-based metrics and they need to understand the role of marketing in revenue generation.**
2. **Concentrate on pulling a narrative out of your metrics and presenting that story as cogently as possible.**

"It actually translates into the effectiveness of your marketing," Piwoni notes. "You can measure effectiveness by the number of conversions, as well as how many of those conversions happen in a particular space of time. You want to make sure that the velocity is aligned and producing the shortest possible customer acquisition times." From the viewpoint of leadership, this metric offers visibility into the effectiveness of marketing investments.

• **Customer Conversions.** This metric was probably the top metric earlier in the Internet age, and it is still a key element, according to Piwoni. "Every executive understands this metric, and it is easy to communicate around the business," he says. Conversion rates are KPIs that tend to be extremely well defined and readily measurable. He adds, "It is easy to have targets against conversion rates."

However, collecting the data for these metrics is a highly challenging part of Piwoni's job. "There is an almost infinite numbers of systems from which you can collect data," he notes. "In our case, it is about setting goals and really understanding what are the prime results we want to get from a specific campaign."

Having a solid companywide data-literacy culture helps, he observes. "That helps continue the learning process," Piwoni notes. "You try to improve the metrics with the way that you collect data, and you refine that with every stream."

"You try to improve the metrics with the way that you collect data, and you refine that with every stream."

When communicating with senior leaders, Piwoni always tries to pull a narrative out of the numbers and present that story as cogently as possible. "To help senior leaders in their decision-making process, I focus on showing all of those elements, and exploring what-if scenarios," he states. "It is really all about storytelling with data."

He believes his choice of metrics helps keep senior leaders on the same page, despite their divergent interests and concerns. The metrics provide a focal point so that the conversation can be easily steered back to its fundamental anchor points. "Around the table, you have these smart guys; they would like to know the story from different angles," Piwoni says. "This is where you start your journey."

JON PARKS

Founder and Lead Dijital Strategist,
Dijital Farm

A marketing industry veteran of more than 15 years, Jon Parks has experience in the trenches on both the client and agency sides of marketing. As the founder of Dijital Farm, Parks consults with business-to-business (B2B) companies that want to build and deploy sustainable inbound digital marketing strategies. He is a proud husband and father who is honored to call the Raleigh, North Carolina, area home. In his spare time, he trains for half-Ironman triathlons.

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It is important to measure the impact of marketing on business goals, but Jon Parks recommends that senior marketers avoid the temptation to collect as much data as they can and try to analyze it all. This over-collection is possible thanks to the arrival of sophisticated marketing technology, but it is not actually practical and can ultimately distract a brand's focus from the core metrics that truly communicate business value.

Parks finds two metrics particularly effective for assessing the impact of marketing on the business: marketing-qualified leads (MQLs) and sales-qualified leads (SQLs). "Most business goals are in some way tied to revenue. MQLs indicate how well our content is doing at finding new leads with whom we can engage. They directly feed into SQLs, which indicate whether we are talking with the right prospects—those that can lead to opportunities that ultimately turn into revenue," says Parks. "So, in many respects, the volume of SQLs is a good indicator of whether we are on track to achieve revenue goals."

Ultimately, it all comes down to sales and the revenue those sales generate. "As a digital agency, did we actually deliver the people who bring the projects that turn into the sales for our business?

> *Did we actually deliver the people who bring the projects that turn into the sales for our business? That is where it starts and ends for me.*

KEY LESSONS

1. **Marketing metrics should focus strongly on the top-level drivers that affect business success.**
2. **Predictive modeling can be useful for setting goals against which a marketer can track performance quarter by quarter.**

That is where it starts and ends for me," he explains. To answer that question, Parks considers a wide range of underlying metrics that help him understand how his team is finding its MQLs or deriving its SQLs. "Tier 1 metrics is where MQLs and SQLs live for me. Then, Tier 2 is where we get into metrics such as channels and which specific channel is delivering traffic. Is it from social? Is it from email marketing? Is it from organic? Is it from paid? Which of those channels is delivering and in how much volume? We really want to be able to understand those pieces," he explains.

It is important to set goals against which you can measure a marketing program, according to Parks. Otherwise, marketers can never really know whether they made improvement. Predictive modeling can be useful for this purpose—using data about past performance to achieve future goals.

Parks shares an example of how you can use predictive modeling to establish such goals. "I know what traffic looked like in terms of MQLs and SQLs in the fourth quarter of last year. I am actively working to exceed those goals right now," he says. "I established a baseline with the data from last quarter, then I used it to create a new set of goals for this quarter. From there, I was able to develop the tactical-level moves that work to exceed those MQLs and SQLs within the quarter."

By focusing on metrics that are closely linked to business success, such as MQLs and SQLs, Parks and his team keep their eye on the most important indicators of how well their marketing programs are helping the business achieve its goals. In the process of assessing and understanding the underlying metrics that drive MQL and SQL trends, then setting marketing goals for future growth, they are able to assess and refine the strategies that can, over time, lead to even greater and more impactful results. ■

"Marketing-qualified leads (MQLs) indicate how well our content is doing at finding new leads with whom we can engage. They directly feed into sales-qualified leads (SQLs), which indicate whether we are talking with the right prospects—those that can lead to opportunities that ultimately turn into revenue."

KEY MARKETING METRICS SHOULD SUPPORT ACCURATE REVENUE FORECASTS

JOHN WATTON

EMEA Marketing Director,
Adobe

John Watton leads marketing for Adobe Marketing Cloud in EMEA. With more than 20 years experience in enterprise technology, Software as a Service, and e-commerce marketing, he is a regular speaker and blogger on the topic of digital marketing. Watton is a member of the IDM Business-to-Business (B2B) Marketing Council and serves on the Business Marketing Collective Executive Council. Recognized by several industry awards, Watton was included in the Brand Republic Top 50 Klout UK Influencers of 2015.

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At Adobe, key marketing metrics must tie back to revenue. Although business organizations within Adobe have the responsibility of ensuring revenue is profitable, marketing is responsible for efficiently driving or accelerating that revenue. "The number one metric I am measured by is the contribution of marketing to our business revenue," says John Watton.

The revenue-related metrics that matter most are those that the company uses for forecasting. "Management wants more predictability and more accurate revenue forecasting," Watton says. "When our senior management is looking at marketing performance, they are most interested in what is in the pipeline." This interest is partly driven by the nature of the Adobe business model, which has a business-to-consumer (B2C) component made up of direct sales, and a business-to-business (B2B) component consisting of a traditional sales funnel that requires leads, and typically has a much longer conversion cycle. The job of marketing is to contribute to keeping the sales pipeline full looking one, two, and three quarters into the future.

Revenue forecasting has always been important, but market expectations and technical capabilities have changed the way businesses collect and use metrics.

KEY LESSONS

1. **The ability to receive campaign insights on a weekly or daily basis allows companies to have real-time visibility into pipeline activity and revenue forecasts.**

2. **Companies with B2C and B2B components will have different revenue-centric metrics. On the B2C side, direct response metrics such as conversions are most important. On the B2B side, other pipeline metrics such as leads, forecast sales value, and velocity come into play.**

> *The number one metric I am measured by is the contribution of marketing to our business revenue.*

In the past, Adobe would run a campaign that might be associated with a market event, such as a major product launch. In 6 months, they would know how the campaign was going, and then review business and brand tracking data to determine whether the campaign was successful. Watton says, "With digital technology, we are getting these campaign insights on a weekly if not daily basis, and using that to continually modify how we are going to market." This approach affects the whole business, from turning big product releases into a more continuous delivery model, to being able to generate real-time visibility into pipeline activity and revenue forecasts. Although operational metrics, such as qualified leads, unique visits, metrics related to social media, database contacts, brand awareness, and sentiment are all still important, future pipeline dominates the discussion. "We can now provide better revenue predictions, which make the business much more confident about making marketing investment decisions to achieve revenue goals," says Watton.

That being said, the B2C and B2B sides of the business focus on different revenue-centric metrics. In the B2C business, where customers engage at the website and buy direct, marketing and on-site conversion drives revenue. Watton says, "We are much more focused on the efficiencies of attracting the audience to our website, monitoring trial software downloads, and watching the rates of conversion to paying customers."

On the B2B side, Adobe focuses more on pipeline metrics, such as leads in the pipeline, forecast sales value in the pipeline, pipeline conversion rates, and pipeline velocity. "From the marketing perspective, the B2B approach is about attracting the audience and then passing them into the sales pipeline. Through pipeline metrics and historical pipeline data, we can better forecast B2B revenue," says Watton.

"We can now provide better revenue predictions, which make the business much more confident about making marketing investment decisions to achieve revenue goals."

Brand metrics are important too, although they are not as specifically tied to revenue performance. "We have to support the business by driving top-level awareness," explains Watton. Adobe employs brand tracking, sentiment analysis, share of voice, press and social sentiment, and other brand-related measurements. "Although we cannot map specific qualitative brand metrics to revenue, those metrics do tell us something important. For example, we know that brand activity, PR activity, and physical events are the three marketing activities with the strongest influence on future revenue," says Watton.