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Measuring the ROI of Marketing Programs

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Measuring the ROI of Marketing Programs

In the book, "Vulcans, Earthlings, and Marketing ROI," the authors illustrate what they call a sort of Vulcan and Earthling dissonance between the creative types in the marketing department and the number guys in the boardroom. Most marketers keep themselves busy coming up with campaign strategies and staying up-to-date with their target audience's tastes. But, aside from the creative work, executives and managers still need to see the numbers — we're talking ROI. This is because, as Peter Drucker, the famous management consultant points out, "You can't manage what you can't measure." Of course, marketers need an objective way to measure their efforts — that's why it might be time to consider how you're measuring your marketing results to meet your marketing goals.

Why is Measuring Marketing ROI Difficult?

The task of actually measuring the ROI of any particular marketing strategy has grown more difficult due to today's integrated marketing tactics— and multiple channels don't help, either. Figuratively, it might be easy to see how a customer got in the door, but it's not so easy to figure out what got that customer to pull their car into the parking lot. Still, keeping up with our *Star Trek* analogy, it's time for marketing departments to explore the "'Undiscovered Country" of proper tools to measure and report their marketing results in order to satisfy their bosses and make sure they're on the right track to reaching their goals.

What Is “Good” ROI, and How Do You Know When You Have It?

Before you can select the right tools to measure your success, you need to *define* success. For example, if you have produced a white paper to help generate leads, you might be interested in a slew of useful metrics:

- Total visits to the landing page
- Visits to the landing page from social media or advertising campaigns
- Downloads from the landing page attributed to specific channels
- Lead-form completions
- Resulting sales

Your real measure of success might not be the number of leads that downloaded your content, but the true cost per lead. To figure that out, you have to know how prospects began their journey to finally end up at your offer.

In the end, executives will also want to know exactly how well those sales leads converted into customers. Gross sales figures might be more of the sales department's responsibility rather than the marketing department's. Still, the success of salespeople heavily depends upon the quality of leads generated — that's why the entire buying process needs to get measured for analysis. So, "good" ROI is partly being able to pinpoint marketing-driven sales — then you can decide how much you spent to convert leads to customers versus how much you earned from your successful sales process. Think about this — you don't need to make 100 times more money than you spent on your campaign. Even if you make two times more than what you spent, you're in good shape.

How to Track Total Marketing ROI

Some parts of the buyer's journey are fairly easy to follow — you can certainly install website trackers to learn a lot about people who are hitting your landing pages, sticking around long enough to consider your message and actually downloading your content. Plus, many popular analytics programs tell you where your visitors came from right before they got to your landing page *and* if they converted into leads. But how do you measure a buying cycle that's not linear? What if a lead doesn't follow your funnel from top to bottom, but enters it in the middle or straight at the end? Yes, you can figure out where in the buying cycle a customer came from by setting up unique landing pages or offering distinct promotion codes, but there are even more efficient ways to get your answers.

First-Touch Attribution and Integrated Marketing

Let's say that you're hungry for Thai cuisine. You've seen some TV advertisements for a new Thai restaurant that's close to your office, and you've also heard about it on the radio during your commute. On Facebook or Twitter, some good friends of yours raved about the heaping plate of pad Thai they enjoyed last night at this very same restaurant. You're convinced to go eat there, and you find the restaurant because of the big sign in its parking lot. You can't say that it was the sign that brought you there, even though it directed you. However, without a sign, you might've passed the place by, given up and settled for burgers

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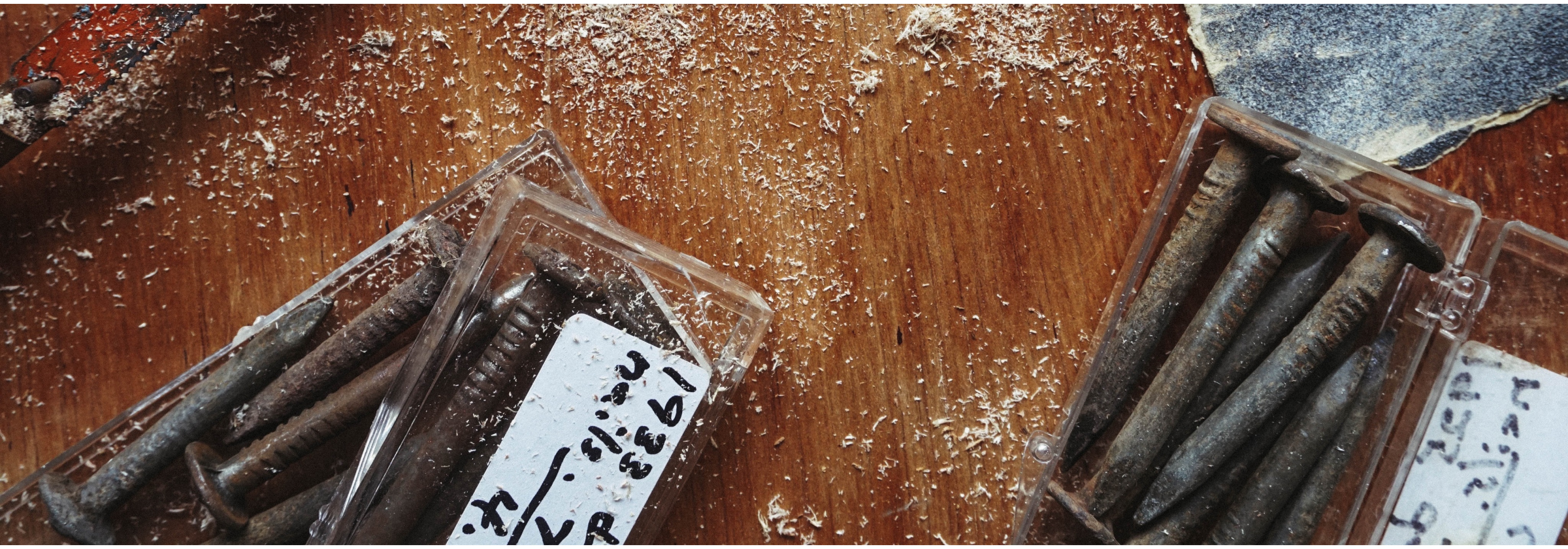
despite your initial urge to visit the place. This is why the sign can be considered part of the entire buyer's journey. Banner or text ads are like the virtual equivalent of commercial street signs. But in many cases, they certainly aren't the first touch point of the sales process that the restaurant's marketing department needs to begin measuring in order to understand and report upon their overall marketing results. They also need to understand how the money that they spent on TV, radio and social media all contributed to the fact that you just entered the front door. Integrated marketing makes it difficult to measure first-touch attribution, but there are certain tools that can help you so you can maximize your ROI.



Tools for Measuring Marketing ROI

Most marketers are familiar with typical analytics tools to measure activity on their own website. Google Analytics might be the most commonly cited example. In order to back up to the beginning of the buying cycle, additional guidance on first-touch tools might be more helpful. Now that you know that the concept of first touch is important in today's complex marketing context, you can begin researching tools to help you measure performance. Consider these options:

- **HubSpot Analytics Tools:** This suite of measurement tools helps track every marketing channel and report upon the most important metrics.

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- **TwitterGrader and Klout:** These tools can help you focus on social media metrics by uncovering the identities of others who effectively share your content.
- **Hootsuite Integration with HubSpot:** These two tools can work together to report upon the social media members that are sharing your content, and then give you details about leads generated from those shares.

Also consider leveraging your CRM platform so you can follow your customer relationships to help you track your ROI even further.

What About Non-Digital First-Touch Measurement?

Time-tested tactics like offering promotion codes, referral programs or unique landing pages can help track how offline methods of marketing draw potential customers into your online platforms. For instance, if you run a radio ad, provide a promotion code only available through that channel to guide leads to a unique landing page. You can use digital analytics tools to measure visitors, downloads and conversions from that landing page to help with measuring your marketing ROI.

In the Thai restaurant example, offering a customer survey to ask people how they heard about the place could even work well. While a few customers might report just seeing the sign and stopping by, a lot more might respond that they heard about the restaurant on TV, the radio, in a newspaper advertisement or on social media. Most likely, the majority will say that they responded to multiple channels.

Measure ROI to Optimize Your Strategy

The modern sales process is definitely difficult to pin down because of how complex integrated marketing has become. Luckily, after tracking your ROI, you can find that some of the touch points you're investing in don't even make in impact throughout the buyer's journey — perhaps your target audience doesn't watch as much TV as you thought and uses social media way more often than you presumed. Whatever the case, measuring your ROI properly gives you the insight to understand where you need to change up your strategy so you can ultimately increase your bottom line. The marketing environment is constantly changing along with consumers, and you should, too.