Kentico
Enterprise Marketing Solution

The Definitive Guide to Critical Campaign Metrics

Monitoring Campaign Success

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Introduction

Online marketing is always evolving. Engaging customers and prospects is no longer a single channel, one-way communication. Marketers must engage more deeply and communicate in multiple ways. However, simply engaging is no longer enough. Marketers must be able to track and measure the quantitative impact of their efforts.

Leaders want more than soft metrics like brand equity; modern marketers must be able to show the link between their programs and business results. It can be overwhelming – moving between tools, managing spreadsheets, This paper, targeted at marketing leaders and professionals seeking a better way to manage and monitor their efforts focuses on several of the key organization metrics that should be captured to optimize their digital marketing campaigns.

"Half the money I spend on advertising is wasted; the trouble is I don't know which half"

John Wanamaker

What is a marketing campaign?

A campaign is a specific, defined series of activities used in marketing a new or changed produce or service. An effective marketing campaign will shape your customers image of your company in a positive manner. Successful online marketing campaigns are based on a set of goals.

Hard Numbers for Your Campaigns

John Wanamaker, considered by some to be the father of modern marketing, said very early in the 1900s,

> "Half the money I spend on advertising is wasted; the trouble is I don't know which half"

Unfortunately, this is still true in many organizations. Most of the time it has been almost impossible to know if marketing efforts were really producing the intended results. Instead of looking at hard numbers for campaigns, many marketers pointed to anecdotal evidence and soft measures to support their work.

The advent of digital marketing technologies has changed this. It is now possible for marketers to monitor and measure almost every component of their interactive marketing programs, but that doesn't mean it's always simple or even necessary. Many of the tools designed to capture this information and calculate return on investment are frustratingly complex. This shouldn't be an excuse to "Get something out there, and see what sticks," but that's exactly what many organizations do. Having a funny or sexy ad with no measurable results may makes for an interesting conversation, but it is not a sustainable model for digital marketing success.

The failure of many marketing campaigns is not related to a lack of effort or creativity – it often relates to a lack of structured analytical thinking about the purpose and objectives. For each campaign, marketers must take the time to:

- **Identify business objectives**: Why does the campaign exist? What is its ultimate business purpose?
- **Define goals for each objective**: What are the specific things the campaign must do accomplish the business objectives?
- **Define key performance indicators (KPI) for each goal**. What metrics will be used to measure progress toward each goal?
- **Define thresholds for success and failure**. What are the target values for each KPI?

Taking a structured approach to defining goals and measuring impacts of digital marketing efforts allows organizations to clearly understand what's working and what's not and optimize use of marketing budgets – something that has grown increasingly important.

What is a KPI?

Key Performance Indicators (KPI) are financial and non-financial metrics used to help an organization define and measure progress towards organizational goals. Basically, they are measures that help a marketer understand how you are doing against your objectives.

Critical Campaign Metrics

Before diving into the metrics, it's important to understand the concept of campaigns. A campaign is a set activities such as marketing emails, banners and ads designed to drive conversions. Accurately monitoring the traffic associated with a campaign can be a lot more involved than simply capturing visits to a URL; it requires recording any important action performed on a site by visitors that arrive due to a campaign.

There are countless metrics organizations could track about their campaign, but just because it is possible to track something doesn't mean it should be tracked. Marketers should focus on metrics in three broad categories:

- **Acquisition and Reach** – What audience is being targeted? What mechanisms are best delivering that audience?
- **Behavior** – What activities should visitors perform? Are they taking those actions? How efficient/cost effective are the activities being used to drive behavior?
- **Outcomes** – What indicates the campaign is meeting goals?

Acquisition and Reach

Impressions

Impressions are one of the earliest metrics tracked by digital marketing campaigns. Generally speaking, an impression is a single view of a particular ad or version of an ad . Although the metric is common, the definition is often debated. In fact, the definition has been so frequently contested in 2005 the Interactive Advertising Bureau (IAB), comprised of more than 500 media and technology companies that generate over 86% of online ads, defined a global standard for measuring online ad impressions (Interactive Advertising Bureau, 2004).

This was the first time that any advertising body had launched a "global" measurement standard that was accepted by industry stakeholders in the U.S., Europe, Asia and Latin America. The accepted definition of ad impression was far more precise than just views. The IAB defines an ad impression as,

> **"A measurement of responses from an ad delivery system to an ad request from the user's browser, which is filtered from robotic activity and is recorded at a point as late as possible in the process of delivery of the creative material to the user's browser — therefore closest to actual opportunity to see by the user."**

The remaining 19 pages – yes 19 pages – specifies how viewing must be initiated, the impact of caching, how to exclude computerized activity and reporting recommendations.

Impressions matter because they roughly indicate the potential reach or impact an ad can have on the market. A message that's never viewed can never result in a conversion. Even though impressions are not the most direct measure of digital marketing impact, almost every leader considers the metric when evaluating if marketing dollars are being spent efficiently.

How many metrics do I need for a campaign?

It depends on your goals. Impressions should never be the only metric used for a campaign. Impressions are considered a navigational metric. By themselves, they can't measure success; however, they can be used to steer a campaign. They are better than nothing and with all things being equal, it's always better to have more impressions.

Visits Per Traffic Source

Visits per traffic source is a measure of the number of visits that can be attributed to a referrer type. Generally speaking, there are three types of referrers:

- **Direct** – the number of visits that occur due to an URL being entered directly into a browser
- **Referring Site** – the number of visits generated from links on an external site that's not considered a search engine
- **Search Engines** – visits that originate from a search engine

Tracking the origins of site traffic helps marketers understand broadly which traffic generation efforts are effective and contributing to business growth. Traffic patterns over time can show changes in what visitors feel is important or appealing. Closely monitoring the performance of traffic sources can help marketers identify where they should invest dollars and effort if resources become strained.

Behavior

Clickthrough Rate

Clickthrough rate (CTR) is the ratio of how frequently visitors that see content, such as an ad or newsletter, actually click on the links. CTR is important because it implies engagement. High CTR indicates that content appeals enough to the audience to entice them to seek additional information. CTR is calculated using the formula:

$$\text{CTR} = \frac{\text{Total \# of Clicks}}{\text{Impressions}} \times 100$$

Although the metric is most commonly used to track ad clicks in pay-per-click (PPC) campaigns and in email marketing, CTR is a useful measurement in any campaign that has a goal of driving users to retrieve or request additional details.

Cost per Impression/Click/Acquisition/Action

In the early days of digital marketing, most organizations paid for online marketing using an equation involving costs per impression or cost per thousand impressions (CPM). As marketing expectations evolved, many organizations shifted to a more results oriented measure – cost per click (CPC) or the even more stringent cost per action or acquisition (CPA), which measures the end-to-end cost of one conversion (e.g. a sale, a registration, etc.).

It's important to understand this campaign metric to ensure their marketing activities are producing the desired outcome. A campaign that has a large number of impressions, but few conversions, typically indicates that a campaign is ineffective. The campaign may have a poorly targeted message, focus the wrong audience or have any number of other flaws. Whatever the problem, an ineffective campaign should be refined or terminated to make the best use of marketing budgets.

Campaign optimization tip

An important part of any campaign is continuous testing and optimization. This involves testing which involves optimizing your web site design, navigation and content variations to determine the best layouts, copy, text, offers and images that provide the best results. Typically this involves the use of A/B and Multivariate (MVT) Testing.

You can calculate the cost for a conversion by creating a conversion, specifying a total cost and dividing the Total cost by the number of conversions as shown in the following formula.

$$\text{Cost per Conversion} = \frac{\text{Total Campaign Cost}}{\text{Number of Conversions}}$$

Abandonment Rate

Abandonment rate may not be sexy or receive a lot of hype, but it is a critical metric for any site with an e-commerce function. Marketers should be especially concerned with this metric because it implies a lost sale from a visitor that was ready to make a purchase. The most general measure, purchase abandonment rate, can be calculated using the formula:

$$\text{Purchase abandonment} = \left[1-\left(\frac{\text{Total \# of checkouts completed}}{\text{Total products added to cart}}\right)\right] \times 100$$

$$\text{Cart abandonment} = \left[1-\left(\frac{\text{Total \# of checkouts started}}{\text{Total products added to cart}}\right)\right] \times 100$$

Cart and checkout abandonment rate provide additional detail about exactly where a visitor terminated ordering.

$$\text{Checkout abandonment} = \left[1-\left(\frac{\text{Total \# of checkouts completed}}{\text{Total \# of checkouts started}}\right)\right] \times 100$$

How do the metrics vary?

- **Purchase abandonment** measures how often users abandon the shopping process after they've added any item to their cart.
- **Cart abandonment** rate measures how often users abandon the purchase process before they begin a checkout.
- **Checkout abandonment** measures how often users abandon the purchase process after checkout has started but before it's finished.

purchase abandonment > cart abandonment > checkout abandonment

Unless something is very flawed with a shopping process, Marketers should make every effort to understand where and why potential purchasers terminate an ordering process. It may be possible to reduce abandonment rates even when they stem from external issues that occur during checkout. For example, if a site has a multi-step checkout process and users fail to complete the final step, marketers should test the performance of a single page process. If market research of cart abandonment reveals that users retrieving credit cards after they started a checkout become distracted, marketers can test the impact of allowing users to save payment information.

Campaign optimization tip

Abandonment rate is essential to understand. However, it may not always be the result of the website. Examine other areas like shipping and delivery charges to fully understand how this metric is being effected.

Average Time Per Page

Average time per page is the mathematical mean of the time spent on a page across all site visitors. Average time per page is an important metric to understand because it can contribute to higher conversion rates. However, marketers shouldn't assume that high average time per page is always good and low average time per page is automatically bad.

A low time could mean that visitors are quickly meeting their objectives and long times could mean users are confused. When analyzing average time per page, it is best to establish baselines or targets and look at trends over time.

Outcomes

Conversion Rate

Conversion rate measures the percentage of site visitors that perform a desired action like registration or making a purchase. Any number of factors can influence conversion rate – visitor interest level, clarity of messaging or even the perceived ease of use. In fact, there are entire books dedicated to the tactics (inputs) marketers can use to improve their rate of conversion.

No matter how it gets there, the higher a campaign's conversion rate, the more successful it's considered, which is why many marketers consider conversion rate one of the most important metrics to monitor in an interactive campaign. Conversion rate can be calculated using the formula:

$$\text{Conversion Rate} = \left[\left(\frac{\text{Total Conversions}}{\text{Total Views}}\right)\right] \times 100$$

Campaign optimization tip

Remember that industry average conversion rate is usually about 2%. Conversion rate is the fastest way to get to the heart of your website, but there is also a lot more to worry about. What about the other 98%?

Total Conversions by Type

Total conversions by type measures the aggregate number of conversions across all campaigns. Understanding conversions at a macro level can provide insight into overall marketing performance especially when trends are viewed over time.

Average order value

Average order value (AOV) measures the average order within a period of time. When paired with Conversion Rate it can be used to determine what revenue can be expected from a certain number of visits.

$$\text{Average Order Value} = \frac{\text{Revenue}}{\text{Number of Orders}}$$

The Bottom Line: Calculating Return on Investment

In addition to tracking metrics, marketers are increasingly be challenged to "Given me the bottom line," by executives. The bottom line for leaders in most organizations is return on investment (ROI) – what am I getting for what I've spent. Although it may seem like a simple question, ROI is notoriously complex because it often involves assigning a quantitative value to a soft benefit.

There is no one right way, but the following formula provides a good starting point:

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$$\left(\frac{\text{net revenue} - \text{marketing investment}}{\text{marketing investment}} \right) \times 100$$

In this model, marketing investment only includes expenses that can be tied to a specific campaign. Marketing investment specifically excludes compensation for salaried employees since that is a sunk cost; payment to temporary workers and consultants may be included if their effort (or a fraction of their effort) is campaign related. Net revenue is revenue minus the cost of production, which could be challenging service focused businesses or non-profit organizations that do not produce a physical product. A sample ROI calculation for a campaign with multiple initiatives is shown below:

Initative	Staff Cost ($)	Outside Services ($)	Content/Media Buy	Total Exper
Introducing EMS Email	$ 2,700.00	$ 7,800.00	$ -	$10,5
EMS Banner Ad	$ 4,000.00	$ 3,500.00	$ 10,000.00	$17,5
Introducing EMS Site	$ 8,900.00	$ 11,000.00	$ 700.00	$20,6
All About EMS Google+ Campaign	$ 6,000.00	$ -	$ -	$ 6,0
TOTALS	$ 21,600.00	$ 22,300.00	$ 10,700.00	$54,6

Media	Total Expenses	Reach	Conversion	Conversion Rate (%)	$ Per Sale	Revenue	ROI (%)
-	$10,500.00	200,000	3	0.00%	$5,400.00	$ 16,200.00	54.29%
000.00	$17,500.00	725,000	22	0.00%	$5,400.00	$ 118,800.00	578.86%
700.00	$20,600.00	330,000	11	0.00%	$5,400.00	$ 59,400.00	188.35%
-	$ 6,000.00	32,356	2	0.01%	$5,400.00	$ 10,800.00	80.00%
700.00	$54,600.00	1,287,356	38	0.00%	$5,400.00	$ 205,200.00	275.82%

Conclusion

Organizations of all types and sizes are shifting resources from traditional marketing approaches to interactive campaigns. More than any technique in the past, interactive marketing allows organizations to simultaneously reach a larger audience and target messaging narrowly. Interactive marketing has also made it possible to measure and monitor efforts more closely than ever before.

Works Cited

Interactive Advertising Bureau. (2004). Interactive Audience Measurement and Advertising Campaign Reporting and Audit Guidelines.

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About Kentico

Kentico Software, founded in 2004 and based in the Czech Republic, is a global provider of web content management and customer experience management solutions built using the Microsoft .NET platform. The latest release of Kentico's flagship product, Kentico CMS 6 is the most advanced evolution of the platform to date. It features a new product line – Kentico Enterprise Marketing Suite - that augments the platform's existing capabilities with tools for driving interactive marketing success.

Organizations of all sizes in more than 87 countries use Kentico's platform to build and manage 12,000+ rich websites and application from intranets and community to Web 2.0 properties and online stores. Customers are supported by an experienced network of over 1,200 partners. To get additional information about Kentico EMS and how it can drive new levels of marketing efficiency and performance contact:

Website: http://www.kentico.com
E-mail: sales@kentico.com
Phone (U.S.): +1 (866) 328-8998
Phone (UK): +44-(0)118-324-6000
Phone (AU): +61-02-8006-1286
Phone (Intl.): +420-511-180-920