INTRODUCTION TO INTEGRATED MARKETING

GETTING STARTED WITH MARKETING MEASUREMENT

The B2B marketing world has changed a lot over the past decade. One especially important new trend is the growing emphasis on measurement and analysis.

According to a 2011 Demand Gen Report study, nearly 90% of marketing organizations increased their analytics efforts over the previous 24 months. Almost 70% of these marketers are turning to metrics to help them justify their budgets. Perhaps most telling of all, more than 40% of CEOs now actively track their marketing teams' impact on revenue.

"One of the biggest investments a company makes is in its marketing organization," said David Lewis, President and CEO, DemandGen International. "The pressure on marketers to say how these investments are paying off is enormous, and it's going to keep growing."

TODAY, ALMOST 70% OF B2B MARKETERS ARE TURNING TO METRICS TO HELP THEM JUSTIFY THEIR BUDGETS.

Those trends mean that marketing metrics aren't just nice to have – they're absolutely essential. Having the right metrics at the right time can reveal how your campaigns perform, where your spending has the greatest impact, and how your campaigns impact the sales pipeline.

This guide will provide an introduction to the marketing metrics that every savvy B2B marketer needs to know. We'll help you get started deciding what to measure, how to measure it and why the right choice of metrics is so important.

PICKING THE RIGHT METRICS: KEEP IT SIMPLE!

Marketers need to know which metrics enable them to explain -- and sell -- a marketing plan to their CEO and CFO.

Part of the challenge for B2B marketers learning about metrics is that there are so many to choose from. The good news is that you don't need to track and analyze every possible data point to build a successful measurement strategy. In fact, the best course is usually to take a simple approach;
focus on a relatively small set of clear metrics that you can understand and put to work right away.

In that spirit, we're going to focus here on two categories of marketing metrics: revenue metrics and program metrics. Some people think of these in terms of "strategic" big-picture metrics versus "tactical" day-to-day metrics. But it may be more useful to think of them this way:

- **Revenue metrics** are what you'll show to your CEO, CFO and board to document your contribution to revenue and profit growth.
- **Program metrics** are what you'll use internally to gauge the impact of your campaigns, database management and sales-marketing alignment.

Let's look at both types of metrics in greater detail and discuss some specific examples.

REVENUE METRICS: PAINTING THE BIG PICTURE

Revenue metrics are easy to understand when you engage in a simple thought exercise: Pretend that you're being asked to explain your marketing plan to your CEO and CFO. What kinds of metrics tell a story that they will understand and embrace – especially when the time comes to justify your budget?

The answer to this question begins with your marketing funnel and continues through your company's sales pipeline. It's extremely important to quantify your marketing team's impact in terms of converting leads to closed deals and revenue.

"A lot of marketers produce metrics that only measure activity, such as inquiries or leads generated," said Jon Russo, Founder of B2B Fusion Group. "That's meaningless at the executive level; it needs to be translated into revenue impact."

Here are some key revenue-related metrics that allow you to accomplish this goal:

MARKETING LEAD METRICS:

Inquiries or Raw Leads are often the first metric that matters to a CEO, since this is the point where your marketing team actually begins its qualification process and separates the “suspects” from the “prospects.”

A related metric involves **net new leads** added to a **marketing contact database**. This number – for example, 5,000 new names added per quarter – allows marketers to demonstrate that they can generate the raw material required to feed a company’s funnel.

Marketing Qualified Leads (MQLs) represent the next step into the marketing funnel, where individual prospects show the right level of buying intent to pass them along to sales.

SALES LEAD METRICS:

Sales Accepted Leads (SALs) are MQLs that the sales team has qualified and moved into the sales pipeline.

SALs are an important indicator that marketing and sales are on the same page about what they consider a qualified lead. These criteria usually involve factors such as:

- **Job titles and firmographics**, such as “CIOs of companies with 100 or more employees”; or
- **Online behavior**, such as “people who downloaded at least three pieces of content and visited our web site more than twice in the past month.”

Opportunities, also known as **Sales Qualified Leads (SQLs)**, have been moved into the sales pipeline and get actively worked by sales reps. This is a critical metric for both the sales and marketing team: It’s the point where leads are entered into Salesforce.com or some other CRM. As a result, this is also the point where a lead is often associated with a **potential revenue value.**

Many CRM systems or third-party metrics tools allow a sales team to measure this revenue potential as it moves through the pipeline. When this is combined with data on a sales team’s historical close rates, it’s possible to make accurate **revenue forecasts** – a key figure for anyone concerned with revenue-focused metrics.

CONVERSION METRICS:

Conversions from one funnel segment to the next are actually a function of the other metrics we discuss here. Higher conversion rates, especially as leads turn into opportunities and then customers, indicate a more efficient marketing effort that delivers what the sales team needs to hit its numbers.

Velocity metrics can provide important hints about which marketing activities generate higher and faster ROI.

The same applies to **velocity metrics** that measure how long it takes for leads and opportunities to move through each stage of the marketing funnel or sales pipeline. Higher velocity usually indicates more efficient marketing activities that generate faster, higher ROI.

NURTURING METRICS:

Lead nurturing gives you a way to stay engaged with leads that aren't ready to buy yet but will be in the future. **Re-engagement metrics** cover situations such as leads that don't score high enough to convert to MQLs, or SALs that turn out not to be valid opportunities. The better you are at placing these leads in a nurturing campaign, and ultimately moving them back into the sales pipeline, the more you'll contribute to revenue growth.

PROGRAM METRICS: DEALING WITH THE DETAILS

Your CEO may not want to hear the details about which programs or campaigns deliver the best results, but your marketing team certainly does. After all, your day-to-day program execution – everything from email and social media to webinars and web site content – provides the raw material that ultimately drives your strategic revenue-building efforts.

It's impossible to list all of the metrics that you can extract from email campaigns, web analytics, webinar attendance and other sources. But there are some general measurement criteria that you can use to sort through them all:

BENCHMARKING METRICS

Marketers track a wide variety of day-to-day program activities because they are easy to measure – and because almost everybody else measures them, too. These include benchmarks such as:

- **Email open rates and click-through rates**
- **Web site visits and page views**
- **Content asset downloads**
- **Web site form completion and abandonment rates**

These numbers can be very useful; if your email open rates, for example, are lower than the industry average, then it's time to examine your email campaigns for potential problems. The same is true for web analytics, especially when you compare current data versus historical trends. Just be careful not to dwell upon these metrics, because they don't always have a direct impact on marketing campaign performance.

SOCIAL MEDIA METRICS

Social media mentions, connections, "likes" and conversations are similar to other benchmarking metrics; you're often comparing your metrics to industry averages, your competitors' numbers, or your own historical data. Many marketing automation tools, for example, now allow B2B marketers to track social activity on Twitter, LinkedIn and Facebook, and benchmark their own activity against their competitors'.

The key here, as with benchmarking metrics, is not to confuse social media success with bottom-line impact. It's one thing to celebrate a record number of Twitter followers; it's quite another to demonstrate just how those followers convert into leads, opportunities and revenue for a B2B organization.

LEAD SOURCE METRICS

Some marketing automation tools allow companies to create complicated, **multiple-attribution** systems to decide which campaigns actually generate prospects. For most companies, however, simpler **single-attribution** systems work just fine.

Single attribution – deciding, for example, whether a new prospect was recruited via an email campaign or direct mail effort – allows you to do some relatively simple calculations for the investment required per prospect. That, in turn, allows you to calculate the ROI for your campaigns.

DATABASE AND DATA QUALITY METRICS

Data quality issues are a growing problem for marketing organizations; databases with outdated or inaccurate records tend to increase costs and drive down campaign ROI. Tracking metrics such as database size, average lead age and performance by database/list source can tell you whether there are potentially serious data quality problems lurking in your marketing database.

THE PAYOFF OF MARKETING MEASUREMENT

Most marketers know that metrics are important, and they already attempt to track at least some of the data points discussed here. The real payoff, however, comes when a B2B marketing organization learns how to automate its data-collection process and to present this data to tell a coherent story about its contributions.

That's where marketing automation plays such an important role for B2B marketers. According to a 2012 Lenskold Group study, for example, companies that track revenue metrics as part of an integrated marketing automation strategy are 30% more likely to outgrow their competitors. That's because marketing automation offers the tools to identify, track and analyze key metrics, rather than concentrating time and effort on spreadsheets and other manual tracking methods.

Marketing metrics are still a work in progress for even the most successful companies. As a result, it's important for any marketing team to experiment with its own metrics and test new approaches. But for today's B2B marketing organizations, it's clear that effective measurement is a tool you can't afford to work without.

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