

MARKETING ANALYTICS TO COMMUNICATE ROI ACROSS TEAMS.

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- 1 WHAT IS ROI?
- 2 MARKETING METRICS YOUR CEO CARES ABOUT
- 3 ALIGNING YOUR METRICS WITH SALES
- 4 TIPS FOR COMMUNICATING METRICS



1

WHAT IS ROI?

ROI = Return on Investment

- Investment = cost
 - Program cost, salaries, overhead... ALL of it
- Return = revenue
 - Profit is even better than revenue



Is "leads generated" an ROI metric?

- Investment = cost 
- Return = revenue and profit 

Is "cost per lead" an ROI metric?

- Investment = cost 😊
- Return = revenue and profit 😊

Is "pipeline created" an ROI metric?

- Investment = cost 
- Return = revenue and profit 

Is "cost per new customer" an ROI metric?

- Investment = cost 😊
- Return = revenue and profit 😊

2 6 MARKETING METRICS YOUR CEO CARES ABOUT

*or should care about

#1: Customer Acquisition Cost (CAC)

- Total marketing and sales costs
divided by
- The number of new customers in that time period
- Pitfall: not including all your sales and marketing costs

#2: Marketing % of CAC

- Total marketing costs used in CAC calculation divided by
- Total sales and marketing costs used in CAC calculation

- **Interpretation:**
 - SMB vs Enterprise will be different
 - Higher can be good or bad

#2: Marketing % of CAC

Traditional	More \$	50%	25%
	100%	30%	15%
	Humanless	Inside	Complex
Inbound	Less \$	20%	5-10%

Marketing Model

Sales Model

#3: LTV to CAC Ratio

Step 1: Compute LTV (lifetime value)

- One time payment is easy, ongoing payments harder
- Revenue per period
divided by
- The cancellation rate for the period
- Example: Customers pay \$1,000 / month and 1% of them cancel each month on average. That customer is worth \$100,000. ($1,000/0.01=100,000$)

#3: LTV to CAC Ratio

- Step 2: Divide LTV by CAC
- **Interpretation:**
 - Higher ratios imply more profit per customer
 - But, too high (>5?) means you might be under investing in sales and marketing
 - Below 1 is a huge problem (even below 2 is bad)

#3: LTV to CAC Ratio Pitfalls

- Not adjusting revenue for COGS
 - If you have a high cost of goods, this is a big problem. You should reduce the revenue by your gross margin or COGS.
- Very low cancellation rate = infinite LTV
 - I'd suggest capping the customer lifetime at ~4 years or something.

#4: Time to Payback CAC

- Take the CAC
divide by
- How much a customer pays per month
- Example: Your CAC is \$15,000 and a customer pays \$1,000 per month. Your time to payback is 15 months.
- **Interpretation:**
 - Longer than 18 months might be a problem, rule of thumb is 12 months.

3 ALIGNING YOUR METRICS WITH SALES



Goal:
Have a
metric just
like the sales
team...
measured in
dollars.

How Much is a Lead Worth?

- Average customer is \$100,000 in revenue
- 2% of leads close into customers
- $\$100,000 \times 0.02 = \$2,000$

How to Set a Dollar Goal for Marketing

- Sales team's goal is \$5 million of revenue
- Marketing is expected to originate 60% of sales leads
- Marketing's goal is \$3,000,000 worth of leads
 - 1,500 leads if the average lead is worth \$2,000 of revenue



**But all leads are not
the same!**

Compute Lead Values by Major Lead Types

- Average customer is \$100,000 in revenue
- 10% of **QUOTE REQUEST** leads close into customers
- $\$100,000 \times 0.10 = \$10,000$

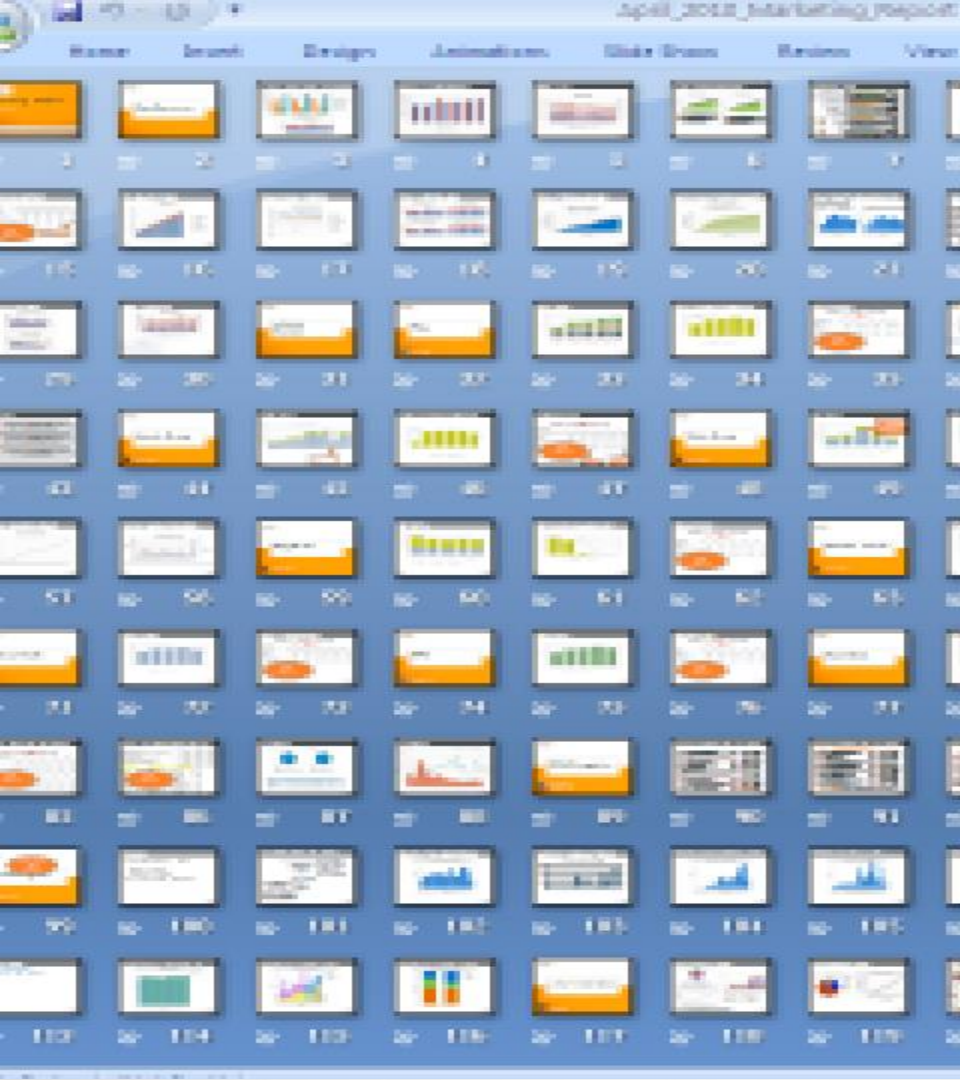
- Average customer is \$100,000 in revenue
- 0.8% of **WEBINAR** leads close into customers
- $\$100,000 \times 0.008 = \800

Compute Your Lead Value Matrix

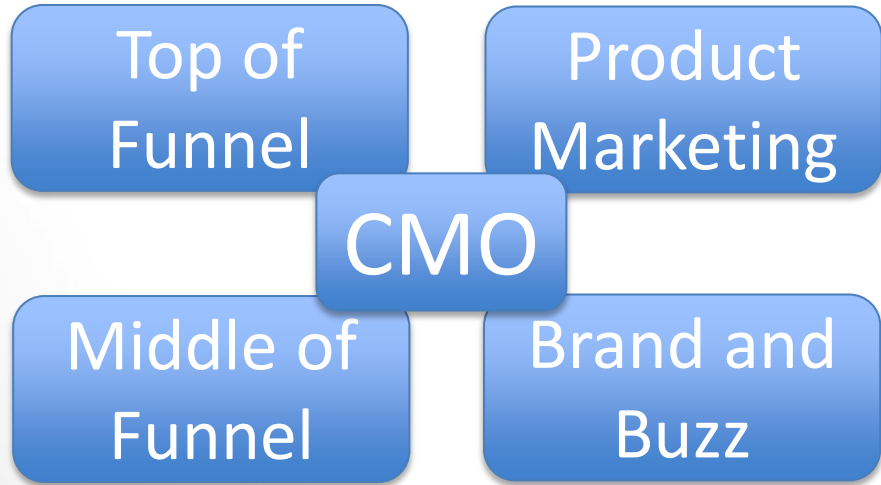
	Quote Request	Demo Signup	Webinar
Enterprise	\$10,000	\$4,500	\$800
Mid-Market	\$4,000	\$1,800	\$125
SMB	\$750	\$500	\$10

Each box is computed just like we computed the average lead value of \$2,000 on the "How much is a lead worth?" slide. Just get the customer value for the segment and the close rate for that type of lead in that segment.

4 TIPS FOR COMMUNICATING YOUR METRICS



MONTHLY METRICS



Report Structure

- Executive summary w/ 10 slides
- Mirror structure of your team: tie people to numbers
- HubSpot's Report:
 1. Executive summary
 2. Report for each team (~10 teams of 2-4 people, in 4 sections according to team organization)



PART 1:

The Executive Summary

- Under ~10 slides
- Visitors, Leads, Customers
- Cost per lead, Cost per customer, ROI metrics
- Results for all marketing SLAs
- High level lead quality metrics



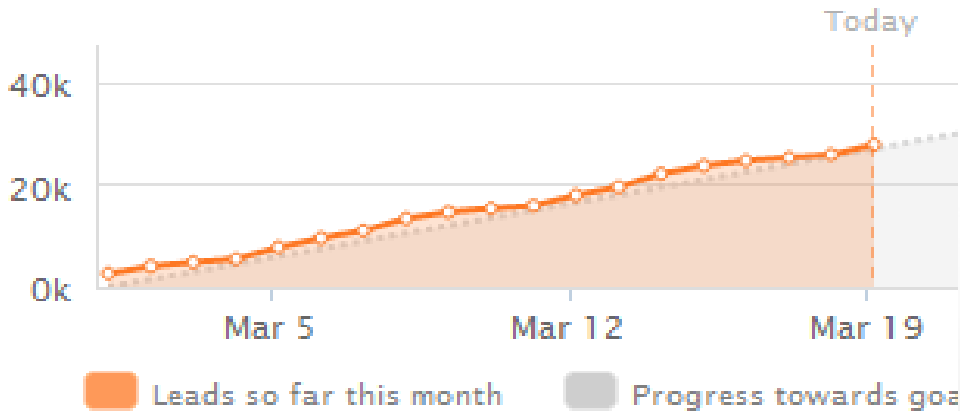
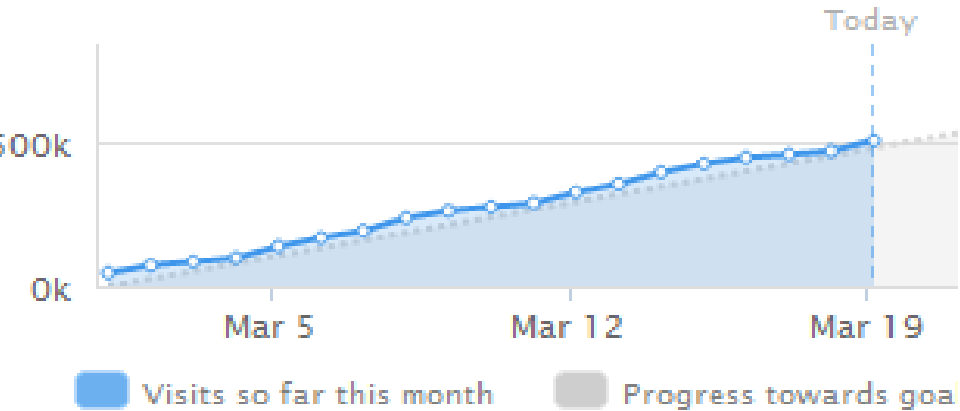
PART 2: Team Reports

- Show names / faces of team members
- Report on results (goals and metrics)
- Also report on activity

Monthly Reporting Tips

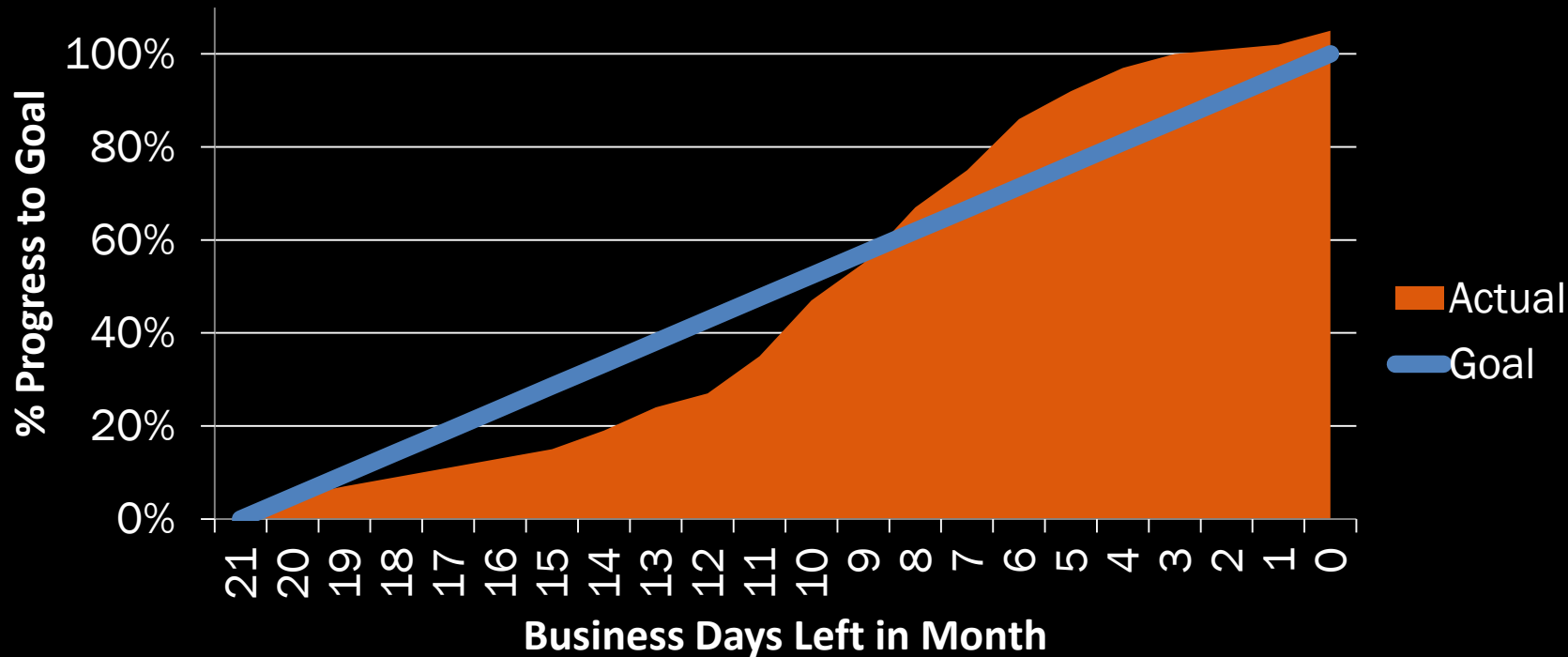
- 1 Make everyone do their own report
- 2 Distribute throughout the company

This month comp



DAILY METRICS

Daily Marketing SLA Waterfall



Example Simple SLA in HubSpot

Traffic & Leads

This month compared to custom goal ▾

506,442

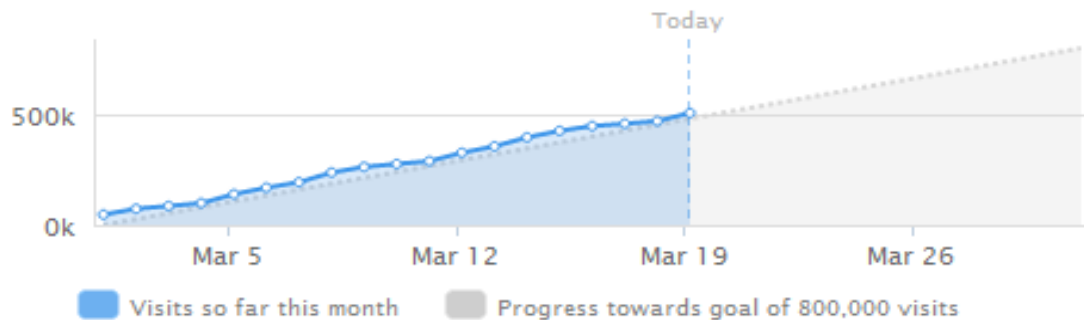
VISITS

+26.44k ↑ +5.5%

since this time
this month goal



5.5%

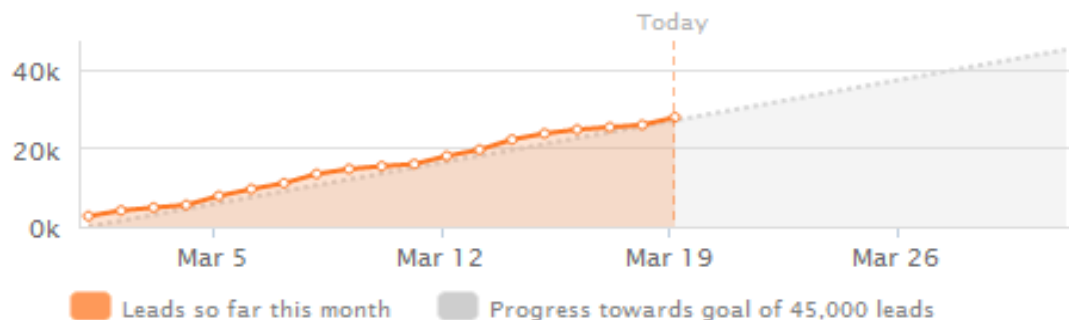


27,804 *

LEADS

+804 ↑ +3.0%

since this time
this month goal



Example **Advanced SLA** in HubSpot

Begin this workflow when **any** of the following conditions occur

Form Submission ▼ Demo Request ▼ On any page ▼ +

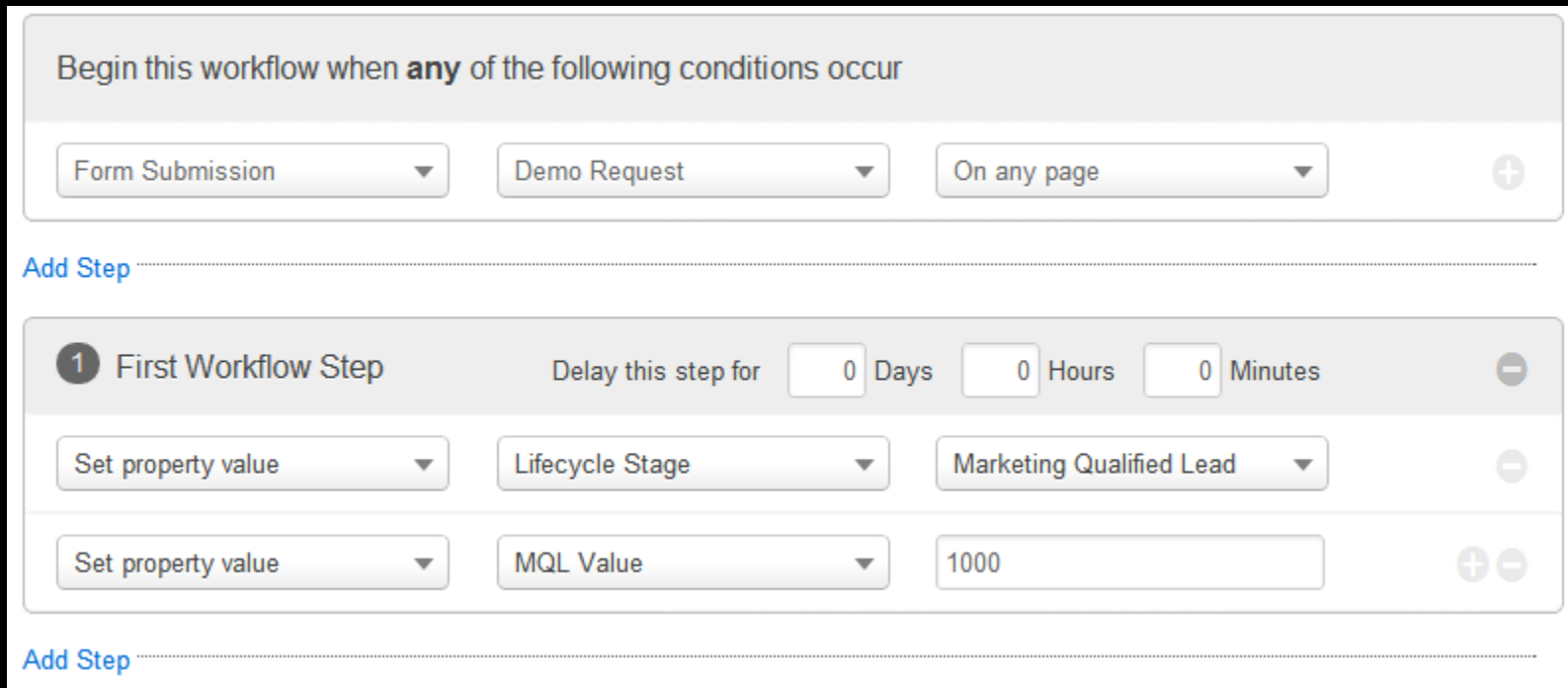
[Add Step](#)

1 First Workflow Step Delay this step for Days Hours Minutes -

Set property value ▼ Lifecycle Stage ▼ Marketing Qualified Lead ▼ -

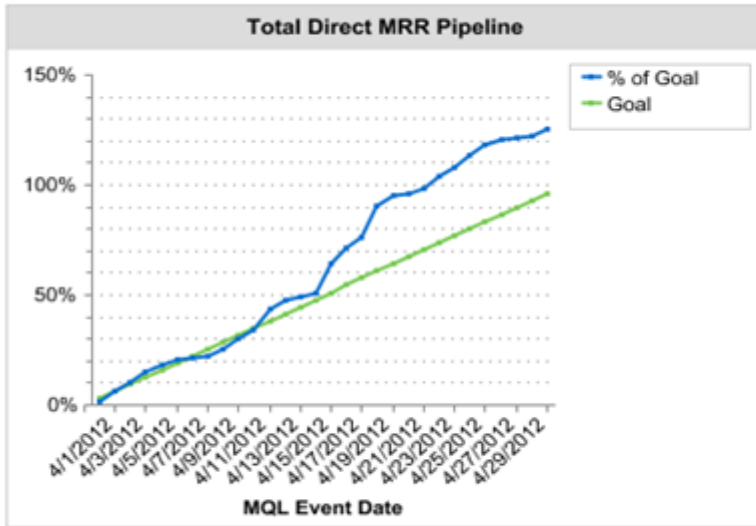
Set property value ▼ MQL Value ▼ + -

[Add Step](#)

The image shows a HubSpot workflow configuration interface. At the top, it says "Begin this workflow when any of the following conditions occur". Below this are three condition boxes: "Form Submission", "Demo Request", and "On any page", each with a dropdown arrow and a plus sign to the right. Below the conditions is a blue link "Add Step". The first step is labeled "1 First Workflow Step". To the right of the step name is a delay timer: "Delay this step for" followed by three input fields for "Days", "Hours", and "Minutes", all containing the number "0", and a minus sign to the right. Below the delay timer are two rows of actions. The first row has three action boxes: "Set property value", "Lifecycle Stage", and "Marketing Qualified Lead", each with a dropdown arrow and a minus sign to the right. The second row has three action boxes: "Set property value", "MQL Value", and a text input field containing "1000", with plus and minus signs to the right. At the bottom is another blue link "Add Step".

Example SLA in Salesforce

Marketing SLA



Leads Breakdown

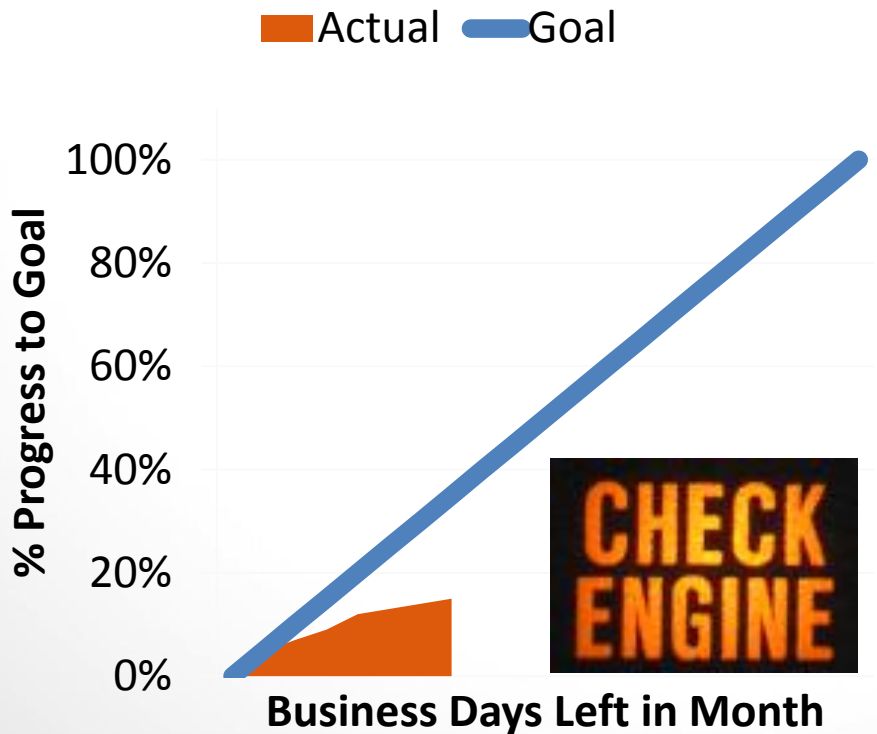
MQL Event	<u>Count</u>
Demo	1,388
IMA	5,423
Trial	2,747
Contact Sales	354
Other	10,513
Partner	2,489

MQL Count:	9,912
Total Lead Count:	22,914

MQL Event	<u>Value</u>
Demo	MQL Dollars Earned
IMA	MQL Dollars Earned
Trial	MQL Dollars Earned

MRR by Team

MQL Sales Team	<u>Progress</u>
ECommerce	121
Edu/Non-Profit	158
Enterprise	85
International	123
Marketer	135
VAR	129
VSB	111



How to fix SLA alarms

- Create new offers
 - ebooks, webinars, etc.
- Publish more
 - blog posts, videos, presentations
- Promote more
 - email and social promotion of new offers
- Increase paid ads
 - PPC on Google, Facebook, LinkedIn, Twitter



Remember:

- ROI metrics measure cost and benefit.
- Communicate your metrics broadly.
- Align your marketing metrics with goals.

Thank You!

Download these slides and
get links to further reading on
this topic:

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<http://bit.ly/VolpeROI>