An Introduction to

INBOUND MARKETING ANALYTICS & THE KEY METRICS YOUR EXECUTIVES WANT TO SEE

How to Measure & Optimize Your Marketing Performance

Presented By

HubSpot GA **GENERAL ASSEMBLY**

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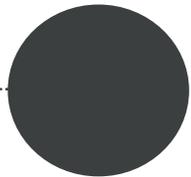
INTRODUCTORY
Introductory content is for marketers who are new to the subject. This content typically includes step-by-step instructions on how to get started with this aspect of inbound marketing and learn its fundamentals. After reading it, you will be able to execute basic marketing tactics related to the topic.
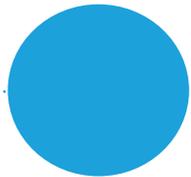
INTERMEDIATE
Intermediate content is for marketers who are familiar with the subject but have only basic experience in executing strategies and tactics on the topic. This content typically covers the fundamentals and moves on to reveal more complex functions and examples. After reading it, you will feel comfortable leading projects with this aspect of inbound marketing.
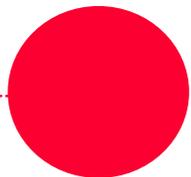
ADVANCED
Advanced content is for marketers who are, or want to be, experts on the subject. In it, we walk you through advanced features of this aspect of inbound marketing and help you develop complete mastery of the subject. After reading it, you will feel ready not onlyto execute strategies and tactics, but also to teach others how to be successful.

Table of Contents

> ## Which metrics should I be tracking in my inbound marketing efforts?

This is one of the top questions we hear from busy marketing managers and business owners who must often navigate the world of marketing analytics entirely on their own.

Analytics programs can give marketers amazing insight into their marketing campaigns, but this wealth of data comes with a cost. There's just so much information — and so many possible combinations of metrics and reports to track — that many marketers get overwhelmed trying to make sense of it all.

Adding to the challenge, companies often use several programs that report marketing metrics, such as a web analytics package, a blogging platform, email marketing software, paid search advertising platforms, and social media monitoring services. This means the data from one program often has to be analyzed alongside data from another platform to track campaign results all the way to sales. It also means that with the tangled data analysis, the inbound marketing methodology may get lost in the mix.

It's easy to forget the point of metrics and why we measure our marketing efforts at all. Keep in mind as you collect and analyze your data, whether it be from multiple programs or from one platform like HubSpot, the buyer's journey is the backbone of why we track and improve our metrics.

Don't let a data overload stop you from using analytics to improve your marketing effectiveness: there are a handful of crucial metrics you can start using immediately to analyze and optimize your marketing strategy today. If you're hungry for more, we'll also give you recommendations for courses at General Assembly, where you can keep learning.

This ebook highlights the essential inbound marketing metrics for data-driven decision making. You'll find a handy breakdown of these metrics organized by marketing channel. In addition, upon completion of this ebook, you'll have a complete understanding of each metric, along with advice for how to use that data to improve and optimize your marketing efforts.

Once you've developed expertise using these metrics, you can start running even more advanced reports and looking at even more granular data to improve and test your marketing.

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Why Marketing Analytics Are Important

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Shouldn't I be spending more time measuring what I'm doing?

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Sure, but analytics can be a great way to help you identify those tactics that you should be doing. Consider the following four main benefits of measuring your inbound marketing.

1. Identifying what's working.
2. Identifying what's not working.
3. Identifying ways to improve.
4. Implementing more of the tactics that work to improve marketing performance.

The beauty of regularly measuring and analyzing your marketing is that it takes the guesswork out of what to do next. Rather than making blind decisions about whether to continue with a particular program or focus on one channel more than another, your analytics can give you the insight needed to make that decision intelligently.

What exactly should you be measuring in your marketing?

In a netshell, everything.

Measuring everything sounds daunting at first, but don't worry. At the end of this ebook, we'll break down the essential metrics that executives *really* care about.

Don't adopt the mindset that there are certain things you can't measure. One of the advantages of internet marketing is that the web makes it very easy to measure just about every little tactic. There are tons of tools – both free and paid – at your disposal, and there is absolutely no excuse not to measure every part of your inbound marketing funnel, from top-of-the-funnel marketing activities like SEO, blogging, and social media, to middle-of-the-funnel ones like email marketing and lead nurturing.

- Business Blogging
- Social Media
- Your Website & Landing Pages
- Search Engine Optimization (SEO)
- Paid Search
- Email Marketing
- Lead Nurturing & Marketing Automation

HOW TO SPEAK ANALYTICS LINGO

Every analytics statement should have the following:

1 **SOURCE** and/or **SEGMENT** +1 **VALUE** +1 **METRIC** +1 **RANGE**

Example:

| **Email** | drove | **10,000** | **views** | **this week** |
| **Mobile** | drove | **800** | **clicks** | **last week** |

| **Facebook** | **Mobile** | drove | **40%** | **of all clicks** | **today** |
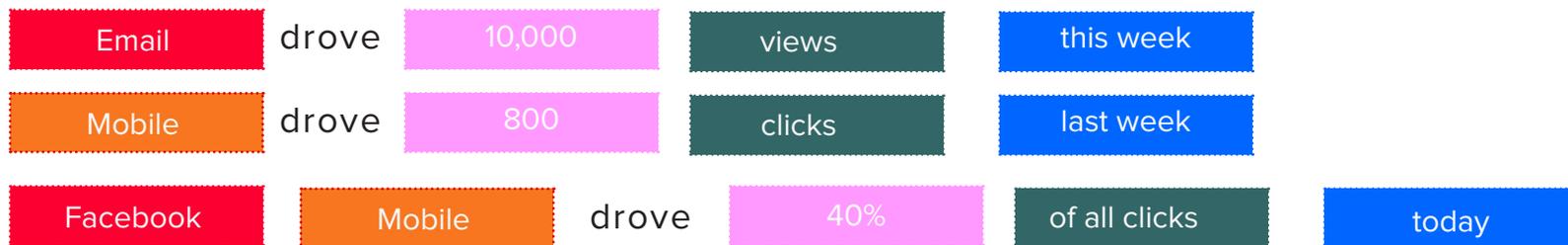
SOURCES: Where inbound traffic originates. Examples: Google, Facebook, Twitter, Email. (Exception: All sources (i.e. no source filter) is called "overall performance.")

VALUE: If metrics are the 'what' of analytics sentences, values are the 'how much.' (Examples: 10,000 visits, 2.0% conversion rate)

METRICS: If sources are the 'who' of analytics sentences, metrics are the 'what.' (Examples: Visits, Conversion Rate, Revenue)

RANGES: Ranges are the 'when' of analytics sentences. (Examples: Today, Yesterday, This Week, Last Week, This Month, Last Month)

SEGMENTS: Segments operate as filters on sources (including overall performance). When used with overall performance, can operate alone. When used with a specific source, both must be mentioned. (Examples include: Mobile, Tablet, Desktop, USA, International, New, Returning)

Now that you know the value of inbound marketing analytics and how to think about reporting metrics, let's get started!

How to Measure: Business Blogging

Identify the key factors that make your blog successful.
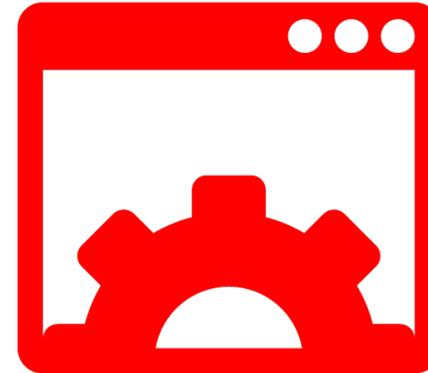
Measuring your business blog can be a great way to identify ways to improve its performance. If the primary goal of your business blog is to generate leads, for example, you'll want to gauge how well it's generating leads today and discover which articles and specific tactics are particularly working toward achieving that goal.

Once you can identify the key factors that make your blog successful, you can incorporate more of those tactics into future blog posts to improve your blog's overall performance. Here's what you should be measuring...

Blog Traffic & Referral Sources

Definition

How much traffic you're generating to your blog and where that traffic is coming from (e.g. social media, referrals, direct traffic, organic search, etc.)

How to Use

Knowing where your blog traffic is coming from and how much traffic can be attributed to individual sources can reveal valuable insights into how effective you are at promoting your blog content in certain channels. Is most of your traffic coming from organic search? If so, you're likely doing a great job of optimizing your content with the right keywords for search engines.

Are you lacking in social media traffic? Then you might want to put more effort into promoting your content in social media or increasing your social reach so more people can find and share your content in those channels. Consider from which sources you're lacking in traffic, and double down on generating more exposure for your blog there.

Individual Post Views

Definition
How many views each blog post receives.

How to Use
Use this data to identify trends in which articles are more popular than others. Over time, try to notice commonalities and patterns in the data. Perhaps you'll find that using actionable blog titles that contain numbers generate more views than others. Or maybe blog posts on a particular topic resonate better with your blog's target audience than other topics. Make a list of some of the top lessons you've learned from your blog analytics, and incorporate those tactics into more of your future blog articles.

Visitor-to-Lead Conversion Rate

Definition
The rate at which your blog is converting visitors into leads. (Note: the higher the conversion rate, the better!)

How to Use
If your goal is to generate leads with your blog, you not only want to know how many leads you're generating, but also how effective you are at converting visitors into leads. If you start generating more traffic but your conversion rate is declining, you might want to focus more of your efforts on optimizing your blog for lead generation.

Furthermore, if you're generating the same amount of blog traffic but your conversion rates are increasing, this means you're getting better at converting visitors into leads. While the ultimate goal is to increase traffic and your conversion rate so your leads increase, your blog's conversion rate can be a great indicator of how effective your blog lead generation efforts are in general.

Call-to-Action Performance

Definition
How effective your blog's individual calls-to-action (CTAs) are at converting blog visitors into leads

How to Use
Each and every one of your blog posts (as well as the sidebar of your blog itself) should include a CTA for an offer available behind a lead generation form. This is the main way a blog generates leads for your business. That said, the best websites have more than one offer, and some offers likely perform better than others. Consider this on your blog as well, and measure the performance of individual calls-to-action on your blog. If you find that some are better than others at converting visitors into leads, you might want to consider using them more frequently on your blog

Blog Leads

Definition
Leads generated that can be attributed to your blog

How to Use
This is one of the most important metrics to use in measuring your blog's performance. While your conversion rates can be a good indicator of leads, at the end of the day, your manager will likely just be looking at your leads number. Creating a monthly leads goal and committing yourself to reaching that goal can be a great way to keep your blog on the right path.

If you're not hitting your goals, consider how you can use your analytics to guide you back in the right direction. Perhaps you need to do more blog promotion to increase the traffic you generate. Or maybe you just need to get better at optimizing your blog content with more appropriate keywords to get better found in search. Maybe it's a conversion problem. Use your blog analytics in tandem to diagnose your leads problem, and you'll find it easier to identify problems and come up with solutions.

CHAPTER 2

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How to Measure:

Social Media Marketing

Social media marketing is still a relatively new tactic for many marketers, so it's understandable if you're confused about measuring the impact of social media participation.

But many of the core analytics principles also apply to social media: you need to understand how large your social media audience is, how fast it's growing, how much traffic social media drives, and how many leads or customers you are generating from that traffic. In this chapter we discuss five critical metrics to analyze your social media marketing effectiveness.

Social Audience Growth & Reach

Definition

The total number of people engaging with your brand in social media channels, such as Facebook "Likes," Twitter followers, LinkedIn Group members, blog subscribers, YouTube channel subscribers, etc.

How to Use

The more people who are connected with your brand via social media channels, the more reach you have for your content.

Measure your social audience growth over time to ensure you're increasing your audience in these channels. However, a large social media following shouldn't be a goal in and of itself. Rather, it should it should be treated as a means to an end. Your job is to attract that audience to take other actions, such as sharing your content, visiting your website, signing up for your email newsletter, or completing lead generation forms.
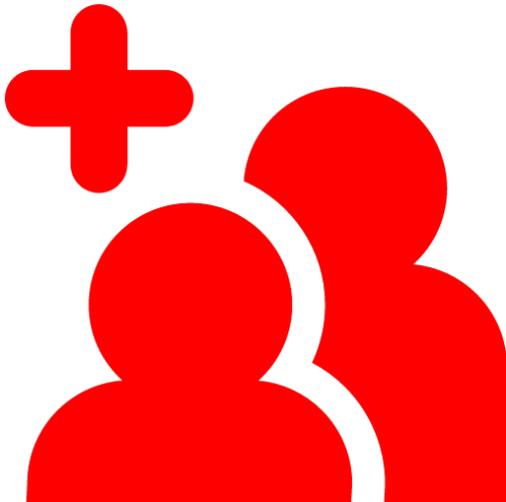
Social Media Engagement

Definition

The number of interactions generated in social media channels, as measured by metrics such as…

- Facebook "Likes" (AKA fans)
- Retweets and @replies on Twitter
- Blog comments
- Facebook Page comments
- YouTube video views
- Content embeds
- Content downloads
- Shared links on social bookmarking sites such as Digg and StumbleUpon
- YouTube channel subscribers, etc.

How to Use

Social media should be interactive -- it's not a one-way channel for broadcasting your messages and content. So monitoring your social media engagement tells you whether the content you're sharing in social media is actually interesting and relevant enough to engage your audience in that dialogue.

If you notice that your Facebook posts or blog articles aren't generating many comments or other interactions, then perhaps you're not covering the topics that really matter to your target audience. On the other hand, if you notice that certain types of tweets or Facebook posts tend to generate more retweets or Likes, you can get a good sense of what kind of content engages your audience.
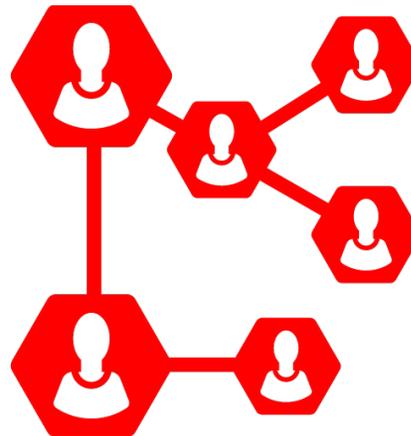
Visibility & Brand Perception

Definition

All the mentions of your brand in social media channels along with qualitative analysis of whether those mentions are positive, negative, or neutral

How to Use

Listening to your audience is an essential component of social media marketing. You want to know who's talking about your brand, where they're congregating, and what they're saying. That way, you can spot opportunities to engage prospects and customers in conversation, share relevant content, or handle customer service issues.

Look for places where your brand gets the most attention, such as on Facebook, Twitter, or industry message boards.

Gauge your visibility by monitoring all the mentions of your brand or product name over a certain period of time. Look for places where your brand gets the most attention, such as on Facebook, Twitter, or industry message boards. Monitor the volume of brand mentions after launching a marketing campaign. Are people talking about it or sharing links you provided? Also measure your share of voice, or how much your brand is mentioned vs. your competitors.

While monitoring the volume of mentions, also analyze their sentiment. Are the comments about your brand generally positive or negative? Do you notice that specific aspects of your business generate the most negative comments, such as customer service? You can track social media mentions with social media monitoring platforms, including HubSpot's own social media tool. Or, you can manually look for conversations and mentions of your brand using free tools like Google Alerts or third party social media applications like CoTweet or HootSuite.

Traffic from Social Media

Definition
The percentage of unique visitors to your website that comes from social media channels.
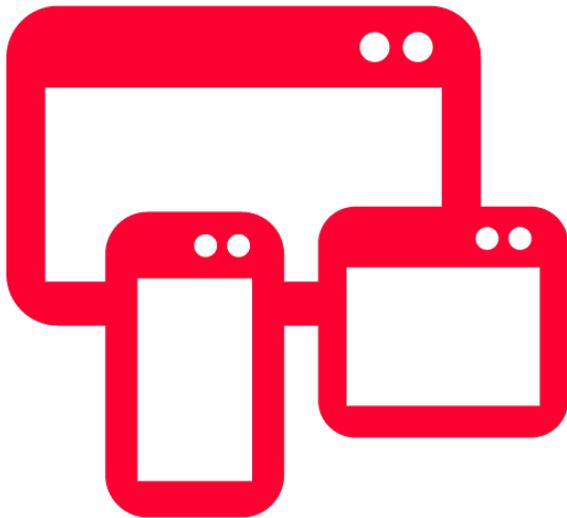
How to Use
You can track this metric by monitoring the referring sources in your web analytics platform. Ultimately, you want to see traffic from social media sources rising over time, especially as your social media reach grows. After all, a major goal of social media outreach is to attract visitors to your website where they can convert into leads or customers.

If your traffic from social media isn't growing, examine your social media strategy. Do your tweets or Facebook posts include relevant links back to your website, where readers can get more information on a particular topic or take advantage of a special offer on a landing page?

Conversion Rate from Social Media

Definition

The percentage of visitors from social media that convert into leads or customers.

How to Use

This metric is critical for measuring the value of your social media reach. Comparing the percentage of leads or customers you generate through social media vs. other channels will help you determine the ROI of your social media outreach.

You can hone your social media strategy even more in General Assembly's Digital Marketing course, but there's a lot you can discern at a glance.

You may discover that social media visitors convert into leads and customers at a higher rate than visitors from other channels, thanks to the level of engagement you've been able to generate before a social follower even visits your website. Or, you may find that social media followers convert at a lower rate than visitors who find you through a specific search or who are on your email list. That situation may be okay, though, if your social media strategy is more focused on building brand awareness or fostering closer connections with existing customers.

CHAPTER 3

How to Measure:

Website &

Landing

Pages

Every piece of content you create or campaign you run should be designed to drive traffic to your website and landing pages, giving you the chance to convert visitors into leads and customers.

It makes sense, then, to start by looking at insights from your web analytics program, such as Google's free Google Analytics, or a paid platform like HubSpot.

In this section we will review the metrics you should be tracking on your website and its landing pages and how to use these metrics to optimize and improve your website's performance.

Unique Visitors

Definition
The total number of individual visitors to your site during a specific period of time, not counting repeat visits by the same individual.

How to Use
Unique visitor data shows whether your content and campaigns are successfully driving visitors to your site. Look for a good upward trend over time, or in conjunction with specific marketing campaigns. If your unique visitor count isn't rising, you may need to reassess your marketing tactics.

New vs. Repeat Visitors

Definition
A comparison of your unique visitors vs. the number of visitors who came back more than once

How to Use
The more repeat visitors you have to your site, the more "sticky" it is (i.e. prospects are finding valuable content that keeps them coming back for more). If your repeat visitor rate is only in the single digits, your site might not offer enough valuable information to capitalize on the link or campaign that attracted a new visitor in the first place. Conversely, if your repeat visitor rate is higher than 30%, you're probably not growing your audience enough to generate new business. A healthy rate of repeat visitors is about 15%.

Traffic Sources

Definition

A breakdown of the specific sources of traffic to your website, such as direct, organic, or referral.
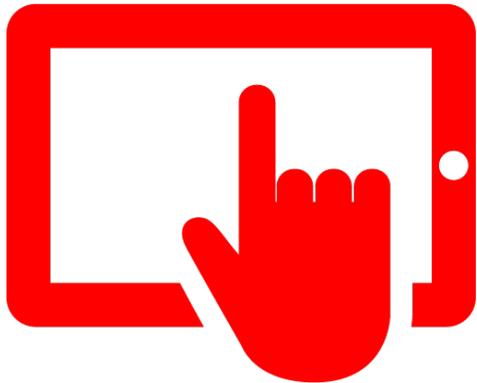
How to Use

Direct traffic comes from people who have typed your website's URL directly into their browser, visited your web pages via a bookmark, or clicked on an untagged link from an email or document you produced

- Organic traffic comes from a link found on a search engine results page.
- Referral traffic comes from a link on another website.

Checking your traffic sources tells you how well your search engine optimization (SE0) efforts are performing. For example, you'll want to see your share of organic traffic rising until it reaches 40%-50% of total traffic. Likewise, you can gauge the effectiveness of your link-building efforts by tracking referral traffic. Aim for referrals to deliver 20%-30% of overall traffic.

Referring URLs

Definition
The specific, non-search engine URLs that send traffic directly to your site. They represent the inbound links that are crucial for boosting your site's search engine rankings.

How to Use
Track changes in your referring URL list monthly to see if your SEO link-building efforts are paying off. You want to see the list of referring URLs growing steadily over time as you produce more content that other site owners and bloggers deem worthy of sharing with their audience. You also can study your referring URLs to determine which types of sites or bloggers are linking to your site and what type of content they tend to like. All of this information can be fed back into your SEO strategy, helping you to produce more content that is likely to generate inbound links.

Most/Least Popular Pages

Definition
A comparison of the pages on your site that receive the most and least traffic.

How to Use
Studying your most popular pages helps you understand what kind of content visitors and prospects find most interesting. Popular pages also are good places to focus your database building efforts. For instance, you can add an email opt-in box or offer a registration form for a content download on those pages.
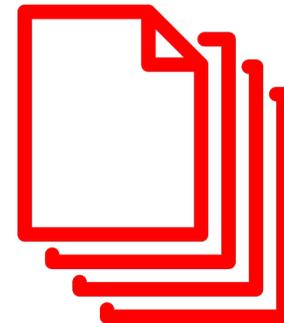
Indexed Pages

Definition

The number of pages on your site that have received at least one visit from organic search.
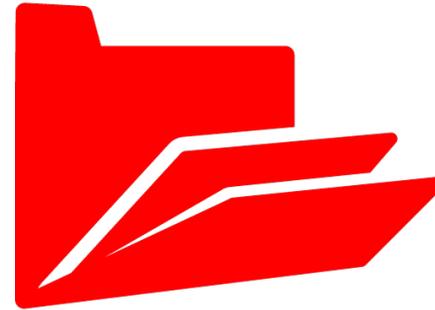
How to Use

This metric tells you how many of your pages are being indexed by search engines and are getting found by users. Know this, and then you can drill down to see which landing pages receive the highest percentage of visits.

89% of companies that update their blogs multiple times a day reported acquiring a new customer through their blog. This compares to 72% of companies who only update their blog once a week, so clearly, the more frequently you blog, the more it pays off for your website and your business.

Popular entry points into your website are great places to optimize for lead generation by adding calls-to-action for content offers (e.g. ebooks, webinars, or other downloads). You should also track the number of unique landing pages your website has monthly in order to discover pages that perform poorly in organic search that may only generate a few monthly visitors but may turn out to be highly converting pages. Once you have identified these pages, you can take measure to optimize them for maximum conversions.

If you're not satisfied with your site's unique landing page count or if the list stops growing, consider ramping up your blogging efforts. Business blogging, which we'll discuss in more depth later in this ebook, is one of the best ways to create new pages that can be indexed by search engines. Furthermore, having more indexed blog pages means more opportunities to get found via organic search, making it more likely that you'll generate new leads and customers through your content creation.

Lead Page Conversion Rates

Definition

The percentage of visitors to your site who take a desired action, such as purchasing a product or filling out a lead generation form.

How to Use

By monitoring your conversion rates, you'll know how well you've been capitalizing on the traffic coming to your site. You can monitor several different types of conversion rates, including:

- Visitor-to-Lead Conversion Rate: the percentage of visitors who become leads
- Lead-to-Customer Conversion Rate: the percentage of leads who become customers
- Visitor-to-Customer Conversion Rate: the percentage of visitors who become customers

Tracking each of these conversion rates is like giving your marketing funnel a checkup. You'll see where you're doing well -- such as converting visitors into leads -- and where your funnel may be leaky, such as failing to convert those leads into customers.

Bounce Rate

Definition

The percentage of new visitors who leave your site almost immediately after arriving, with no other interactions.
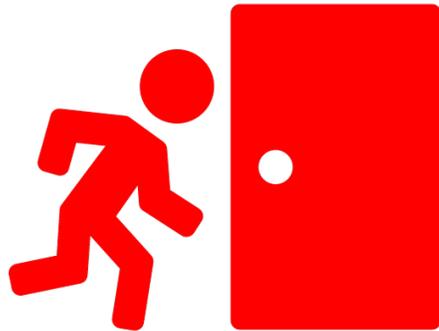
How to Use

A high bounce rate means your pages aren't compelling or useful to visitors. This could be a reflection of problems with your marketing strategy, such as having inbound links from irrelevant sources or not optimizing landing pages for specific campaigns. A high bounce rate could also indicate problems with your site itself, such as confusing architecture, weak content, or no clear calls-to-action.

Bounce rates can vary dramatically by industry and from website to website. So rather than benchmarking yourself against external bounce rate metrics, monitor your bounce rate over time to make sure it's falling or at least remaining steady.

How to Measure: SEO

Dig deeper into the reports generated by your web analytics package
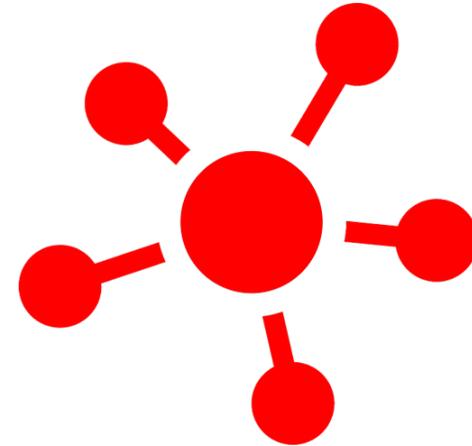
If your search marketing strategy includes search engine optimization as well as paid search advertising, you need to examine a different set of metrics to track the effectiveness of each tactic.

Analyze the effectiveness of your SEO efforts by digging deeper into the reports generated by your web analytics package. In this section we will cover the most important SEO metrics to track.

Keyword Performance & Rankings

Definition

How well your website and web pages rank in search engines for your desired keywords and search terms.

How to Use

You should always be measuring the performance of your keywords. Conduct keyword research using the Google AdWords Keyword Tool or HubSpot's Keyword Grader tool to identify the best keywords to use in website optimization, and optimize your website for those keywords.

Then track and measure their performance in search. How well is your website ranking for those key terms? Are they generating a significant amount of traffic to your website? If not, you may need to refine your keyword choices so you can improve your search engine rankings.

Total Traffic from Organic Search

Definition

The percentage of unique visitors who arrive at your site from a link on a search engine results page.

How to Use

A good inbound marketing strategy, involving high quality content that incorporates specific keywords, should help you attract about 40%-50% of total traffic from organic search. If your percentage of traffic from organic search is lower, look for opportunities to target new keywords or create more content - such as videos, podcasts, ebooks, webinars, and blog posts - that can be indexed by search engines.

Branded Vs. Non-Branded Search

Definition

The percentage of organic search traffic that comes to your site from brand-related keywords — such as your company or product name — versus generic, non-branded keywords related to your industry.

How to Use

If the majority of your traffic is coming from brand-related searches, you'll need to work harder on your SEO efforts and generate more content and use more keywords related to generic industry terms. After all, people searching for your brand name already know about your company and products. But to grow your business, you need to reach out to visitors that might not even know you exist.

Unique Search Terms Driving Traffic

Definition

The complete list of search phrases that visitors are using to find your site. Monitor not just the total number of phrases that generate traffic, but also the total number of visits and percentage of overall organic traffic that each phrase represents.

How to Use

A longer list of unique terms driving search traffic to your website means you're doing an admirable job creating content around the keywords and terms that prospects are using to research a particular business or personal need related to your products and services.

Look closely at the top phrases that drive a significant percentage of search visits. If these are phrases you're specifically targeting through your SEO efforts, then you're doing a good job creating content that gets found and attracts clicks.

If you're not drawing significant traffic from your targeted keywords, then you need to do a better job creating relevant, valuable content around those phrases.

Studying your list of unique search terms can also uncover longer-tail search phrases that you're not currently targeting.

Inbound Links

Definition

A measure of the number of links back to your site from other sites on the web.

How to Use

Because inbound links are such a major factor in how search engines rank your website and web pages, your goal should be to gradually increase the number of inbound links from high-quality sites, which indicates that your content is not only getting found online, but is deemed valuable enough for other sites or bloggers to share with their audience.

In general, more inbound links from more domains is better, and the higher the authority is of the site linking to you, the more valuable that inbound link will be considered by search engines, resulting in a higher search ranking for you.

You also can study your inbound links to determine the types of sites or bloggers who tend to link to your content, helping you develop more content specifically for those audiences. Also, studying the anchor text that other sites use to create their links to your site can help you uncover new terms for your SEO efforts.
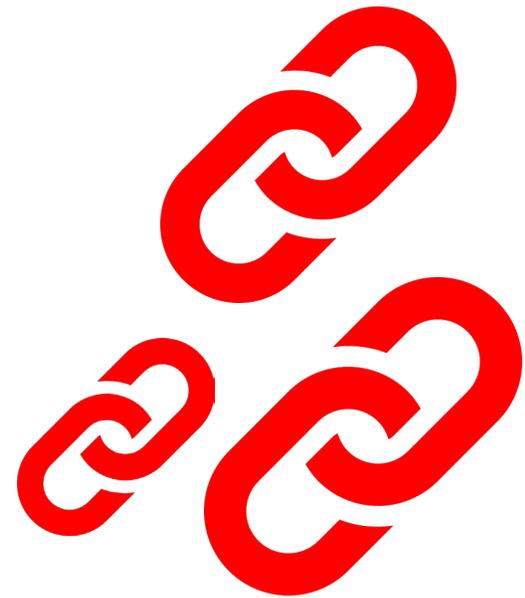
Conversion Rates from Organic Search

Definition
The percentage of visitors who arrived at your site through organic search and completed a desired conversion action, such as becoming a lead or purchasing a product.

How to Use
At the highest level, you want to know your overall conversion rate from organic search. But you also should drill down into your web analytics to track conversion rates by:

- Specific keyword or search phrases
- Unique landing pages
- Referring URLs

Tracking those metrics helps you fine tune your SEO strategy. For example, you may discover long-tail search phrases that don't deliver tons of unique visitors but that have a higher than average conversion rate. Or, you may find that high traffic from a common search term isn't translating into a good conversion rate, which means you've probably got some work to do in optimizing your landing pages to improve conversion.

How to Measure:

Paid Search

You need to know how much you're spending to acquire each visitor.

You need to track a different set of metrics to analyze the effectiveness of your pay-per-click (PPC) search advertising campaigns.

The biggest difference between SEO metrics and PPC metrics is that you're spending money on each click you generate from paid search advertising, so you need to know how much you're spending to acquire each visitor as well as how much of a profit you're making on that ad spend.

Paid search analytics can usually be tracked through the particular search engine advertising platform you're using, such as Google AdWords. In this section we review five critical metrics to track for your PPC campaigns.

Inbound Links

Definition

The percentage of the audience that viewed your ad and actually clicked on the link provided, calculated by dividing total clicks by the number of impressions.

How to Use

Click-through rates will vary widely by industry and by keyword, but monitoring your CTRs over time will help you determine the quality and effectiveness of your ad. If you want to improve CTRs for specific keywords, you can test different ad headlines, copy treatments, and landing page URLs to see which combination boosts your CTR for a given term.

Click-Through Rate (CTR)

Definition

The percentage of the audience that viewed your ad and actually clicked on the link provided, calculated by dividing total clicks by the number of impressions.

How to Use

Click-through rates will vary widely by industry and by keyword, but monitoring your CTRs over time will help you determine the quality and effectiveness of your ad. If you want to improve CTRs for specific keywords, you can test different ad headlines, copy treatments, and landing page URLs to see which combination boosts your CTR for a given term.

The Digital Marketing course at General Assembly is a great resource for getting even more tactics for your paid strategy.
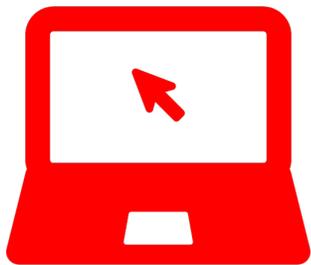
Average Cost-Per-Click (CPC)

Definition

The amount you're paying for each click on a specific search ad.

How to Use

Monitoring your cost-per-click alone won't tell you much. To determine a 'good' CPC, you must factor in the eventual conversion rate and revenues from those clicks. Studying your average CPC can help you optimize your PPC bidding strategy or target specific ads for future testing and optimization.

Conversion Rate

Definition

The percentage of visitors who completed a desired action (e.g., product purchase or lead generation form completion) after clicking on one of your PPC ads.

How to Use

Conversion rates are a good measure of the quality of your PPC landing pages. If the landing page headline, copy, and offer are all relevant to the original PPC ad, then you should expect to see a higher conversion rate. By contrast, if you have a good click-through rate but low conversions on a specific ad, then you should carefully examine the landing page to determine why visitors aren't converting. Is the page relevant to the text of the ad and the original search phrase? Is the value proposition clear? Is the offer compelling?

Cost-Per-Acquisition (CPA)

Definition

A measurement of how much you are spending on PPC advertising for each conversion.

How to Use

Calculate your overall paid search CPA by dividing total ad spend by your total PPC conversion rate. Or, calculate it on a per campaign basis by dividing your average cost-per-click by your conversion rate for a specific ad/keyword combination.

Tracking your CPA can help you optimize your PPC bidding strategy. For example, Google AdWords now offers a conversion-based bidding option that lets advertisers set their maximum ad bids according to a target CPA. If you know your historical CPAs from previously successful PPC campaigns, you can use that figure to help bid more efficiently on new keywords.

Return on Ad Spend (ROAS)

Definition

ROAS measures the return on your PPC advertising investment, calculated by dividing your total ad spend by the total revenue generated from those PPC conversions.

How to Use

ROAS is the best way to determine whether your PPC strategy is paying off. After all, a good click-through rate is only valuable if those clicks result in conversions, right? But those conversions are only valuable if the amount of revenue you generate from the action offsets the amount you spent on PPC ads to generate new sales or leads.

How to Measure:

Email Marketing

Your ESP (email service provider) should provide a wealth of reporting on your ongoing email performance.

To assess your email marketing performance, you must conduct ongoing trend analysis of several key metrics. That way, you can compare each campaign's performance against your own averages to know whether a specific campaign outperformed or underperformed your internal email benchmarks.

Your email service provider (ESP) should provide a wealth of reporting on each campaign and on your ongoing email performance. In this chapter we will cover the most important email metrics to measure and how you can use them to improve the performance of your email marketing program overall.

Bounce Rate

Definition
The percentage of total emails sent that could not be delivered to the recipient's inbox, known as a "bounce."
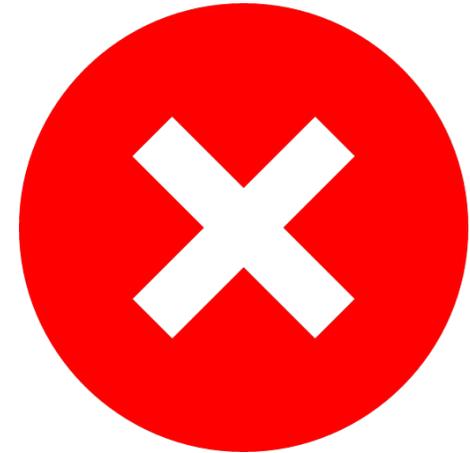
How to Use
Use this metric to uncover potential problems with your email list. There are two kinds of bounces to track: "hard" bounces and "soft" bounces.

Soft bounces are the result of a temporary problem with a valid email address, such as a full inbox or a problem with the recipient's server. The recipient's server may hold these emails for delivery once the problem clears up, or you may try re-sending your email message to soft bounces. Hard bounces are the result of an invalid, closed, or non-existent email address, and these emails will never be successfully delivered.

Instead, you should immediately remove hard bounce addresses from your email list, because internet service providers (ISPs) use bounce rates as one of the key factors to determine an email sender's reputation. Having too many hard bounces can make your organization look like a spammer in the eyes of an ISP.

Delivery Rate

Definition

The percentage of emails that were actually delivered to recipients' inboxes, calculated by subtracting hard and soft bounces from the gross number of emails sent, then dividing that number by gross emails sent.
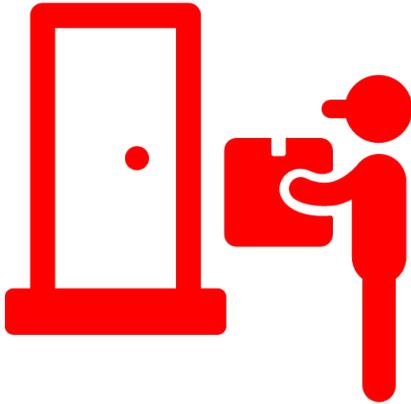
How to Use

Your delivery rate sets the stage for email success or failure. To have any chance of engaging a customer or prospect with an email campaign, that message has to get delivered to their inbox.

Look for a delivery rate of 95% or higher. If your delivery rate is slipping over time, you may have problems with your list (e.g. too many invalid addresses). If one particular campaign has a lower than average delivery rate, examine the subject line and content of that message. Perhaps there was some element that may have been flagged as spam by corporate firewalls or major ISPs, causing many more message than usual to be blocked.

List Growth Rate

Definition

A measurement of how fast your email list is growing.

Calculate your growth rate by subtracting opt-outs and hard bounces from the number of new email subscribers gained in a given month. Then, divide that number by the original list size.

How to Use

Email list growth rate is important because a healthy email marketing program needs to be continually refreshed with new names. Many of the addresses on your email list will naturally "go bad" over time, as people change jobs, switch ISPs or email programs, or just forget their passwords and create new accounts. According to the popular marketing resource MarketingSherpa, the natural churn rate of an email list can be 25% annually or higher, which is why you must continually work to add new contacts to your email database.
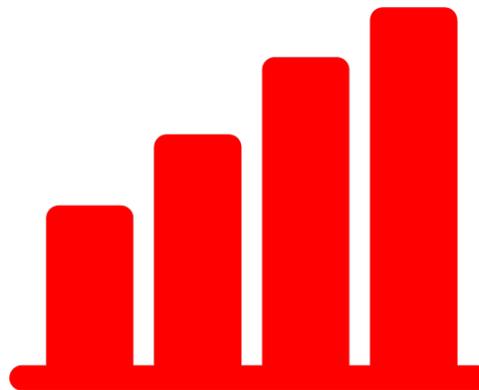
Click-Through Rate (CTR)

Definition

The proportion of the audience who clicked on one more links contained in an email message.
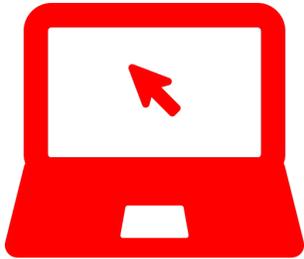
How to Use

Organizations can calculate CTR either by dividing unique clicks by the number of emails delivered, or by dividing total clicks – including multiple clicks by the same recipient – by the number of emails delivered. Either method works, as long as you use the same approach consistently. Monitoring email CTR is a cornerstone of email marketing analytics, because the CTR indicates whether the message was relevant and the offer compelling enough to encourage recipients to action. But CTR can vary widely by the type of message sent. For example, email newsletters often have higher CTRs than promotional messages, and transactional messages – such as emailed purchase receipts – often have the highest CTR of all the messages your business sends. For that reason, it's best to benchmark your CTRs according to the different types of emails you send.

Email Sharing/Forwarding Rate

Definition

The percentage of recipients who clicked on a "share this" button to post email content to a social network and/or who clicked on the "forward to a friend" button.

How to Use

Sharing rates are another indicator of the value and relevance of your email messages. For example, if your subscribers find your email newsletter articles compelling enough to share with their peers, you've likely hit on a hot topic for your audience. Likewise, email offers that get shared or forwarded outside of your own house list can end up being your best performing campaigns, because you've drastically increased the reach of that message by tapping into the viral nature of your subscribers' social networks.

Watch your sharing rates carefully to discover which types of articles and offers tend to get shared the most, and use that knowledge when planning future campaigns.

Conversion Rate

Definition

The percentage of recipients who clicked on a link within an email and completed a desired action, such as filling out a lead generation form or purchasing a product.

How to Use

Conversion rate is the ultimate measure of an email campaign's effectiveness. The higher your conversion rate, the more relevant and compelling the offer was for your audience. However, conversion rates are dependent on factors beyond the original email message, such as the quality of your landing page.

For example, if a campaign underperforms based on your targeted conversion rate, take a close look at the landing page you linked to for reasons why recipients who clicked on a link might not have completed the process. You may find the landing page's headline or copy needs improvement, or that a registration form or checkout process was too confusing or clunky, causing many visitors to abandon the process.

Measuring conversion rate requires integration between your email platform and your web analytics. You can perform this integration by creating unique tracking URLs for your email links that identify the source of the click as coming from a specific email campaign.

Revenue Per Email Send

Definition

A measure of the ROI of a particular email campaign, calculated by dividing the total revenue generated from the campaign by the number of emails sent.

How to Use

This metric is ideal for ecommerce marketers who generate a lot of direct sales from email campaigns. Again, it requires integration between your ESP and your ecommerce or web analytics platform. If you are already tracking conversion rates, you also can collect the order value for each conversion to perform this calculation.

Unreliable Email Marketing Metrics

Open Rate

Open rate is a metric that many marketers use to measure the success of their campaigns, but it's an unreliable gauge for several reasons.

Most importantly, an email is only counted as 'opened' if the recipient also receives the images embedded in that message, and a large percentage of your email users likely have image-blocking enabled on their email client. This means that even if they open the email, they won't be included in your open rate, making it an inaccurate and unreliable metric for marketers, as it under-reports on your true numbers. open rate unsubscribe rate

The flipside of under-reporting is the fact that open rates can be manipulated by writing catchy, even sensational subject lines that get recipients to open a message but then leave them feeling mislead by the message's content. For that reason, it's better to focus on click-through rate as a better measurement of a successful email send.
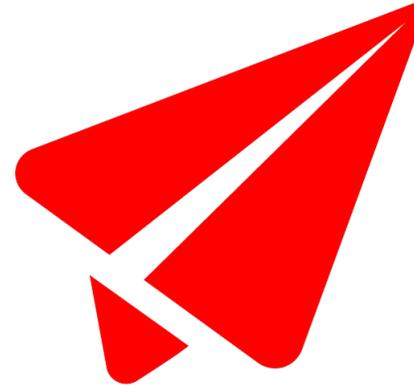
Unsubscribe Rate

As with open rates, the unsubscribe rate isn't a reliable picture of the health of your email list. Many subscribers who are tired of receiving email messages from your brand won't bother to go through the formal unsubscribe process. They'll just stop opening, reading, and clicking on your email messages.

Again, tracking your click-through rates and conversion rates is a better way to monitor subscriber engagement and interest. But checking your monthly unsubscribe rate is helpful for calculating your overall list growth rate, and to watch for sudden spikes after a particular email campaign.

How to Measure: Lead Nurturing & Marketing Automation

Done right, marketing automation can help you simplify your inbound marketing workflow.
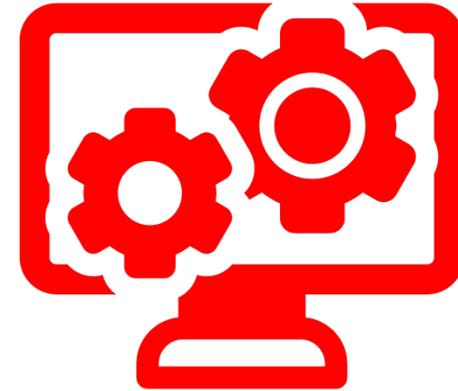
It can also help you market smarter to a more engaged audience. The term 'marketing automation' is most commonly used to describe the suite of tools marketers use to manage leads from their point of conversion to their point of purchase. For example, marketing automation tools can be used to trigger a series of introductory emails to educate leads about what you offer. They can also help you segment your leads and deliver intelligence about leads to your sales team.

So, if you're using marketing automation for tactics like lead nurturing, here are the main factors and metrics you should be taking into consideration to analyze and optimize your efforts and improve your marketing automation performance.

Segmentation Intelligence

Definition

Behaviors, personas, demographics, etc. that can be used to segment your audience in order to send more targeted content and offers based on their individual wants and needs at a given point in the sales process.

How to Use

Marketing automation helps you to be a smarter marketer by enabling you to identify and differentiate between segments of leads. Marketing automation tools can help you to identify these points of differentiation, such as various pages your leads visit, the specific topics they're interested in, their previous activity on your site, their demographic information, how they're engaging with you, etc. Use this intelligence to segment your leads into different lead nurturing campaigns. For instance, if a lead has downloaded or shown interest in a certain topic, nurture them with more content and information on that specific topic.

If leads are spending time on your product pages, you might consider entering them into a campaign that nurtures them with more product-focused content like a free trial.
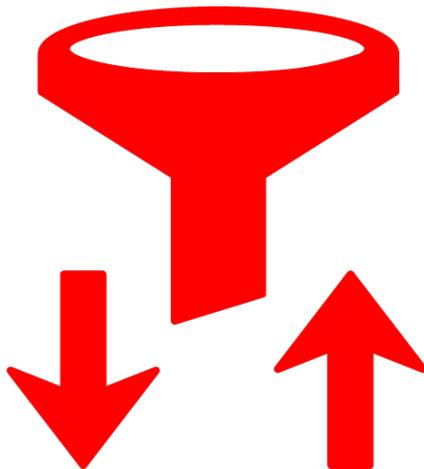
Click-Through Rates

Definition

The proportion of the audience who clicked on one more links contained in a lead nurturing email message.

How to Use

Organizations can calculate CTR either by dividing unique clicks by the number of emails delivered, or by dividing total clicks – including multiple clicks by the same recipient – by the number of emails delivered. Either method works, as long as you use the same approach consistently.

Click-through rates can help you determine whether the content you're offering in your lead nurturing campaigns is appropriate both for the audience you're segmenting as well as their point in the sales process. If you're offering more product-focused content such as a free product trial and you find that your email recipients aren't clicking on it, this may mean they aren't ready for this type of content and may still need to be nurtured with more top-of-the-funnel content like educational ebooks, webinars, or blog posts. Furthermore, if your recipients are no longer clicking on top-of-the-funnel offers, you might deduce that they're ready for more product-focused offers.
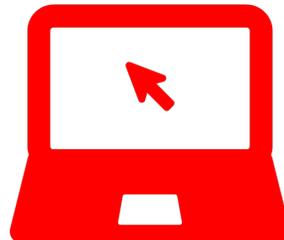
Conversion Rates

Definition

The percentage of recipients who clicked on a link within an email and completed a desired action such as filling out an offer form or purchasing a product.

How to Use

Like click-through rates, conversion rates can also be an indication of the effectiveness of the offer you're sending compared to a lead's point in the sales process. If conversion rates are soaring, you're likely offering content that is in line with your leads' needs at the time. If not, you might need to adjust the types of offers you're sending at different points in the nurturing process.

Amount, Timing, & Frequency of Email

Definition

The length of time between one lead nurturing email and another, and how many emails to include in a given campaign.

How to Use

Because every target audience — and industry — is different, there is no set rules for how many total emails should be included in a nurturing campaign and how much to space out each individual email send. The best way to determine your optimal timing and frequency is to test it. Perhaps one segment of your audience prefers more content over a longer period of time.

Or maybe you notice that people interested in a particular topic tend to have a shorter sales cycle and require fewer messages but more product-focused offers.

Time to Customer Conversion

Definition
The length of time it takes for a lead to become a customer; the length of your sales cycle.

How to Use
Take a look at your existing sales funnel. How long does it typically take a lead to become a customer after his or her first inquiry? Does the sales cycle vary for different types of purchases?

As an inbound marketing tactic, lead nurturing is all about understanding the nuances of your leads' timing and needs. Watch your analytics, and talk to your sales team. If it typically takes your leads a month to make a purchasing decision, then make sure you're spreading out your communications to keep them engaged throughout the month.

Marketing automation campaigns won't thrive if you have a "set it and forget it" mentality. Successful marketers must constantly monitor what's working, test different methods, and analyze and optimize their campaigns based on what works for them individually.

CHAPTER 8

Key Metrics Your Executives Really Care About

While many bosses theoretically understand that a solid marketing team can directly impact your company's bottom line, 73% of executives don't believe that marketers are focused enough on results to truly drive incremental customer demand. If the majority of executives think marketing programs lack credibility, it simply doesn't make sense to bombard them with metrics that don't indicate bottom-line impact.

When it comes to marketing metrics that matter to your execs, expect to report on data that deals with the total cost of marketing, salaries, overhead, revenue, and customer acquisitions.

The best marketing metrics look at the total cost of marketing, including program spend, salaries of the team, and overhead, and relate that cost to the results you care about -- revenue and customer acquisition. Other metrics like cost per lead, cost per follower, or cost per page view can be useful to look at within a marketing team, because they can help you make decisions about where to focus and what parts of your marketing process are broken; but most CEOs really just care about the cost and the net results, not the interim steps.

Telling a convincing story with data can help you push forward your marketing strategy; for more help diving into the numbers, check out General Assembly's Data Analytics course.

This list of metrics is meant to focus on the most critical measures of marketing that your CEO will likely want to discuss with you.

Customer Acquisition Cost (CAC)

What is it?

The Customer Acquisition Cost (CAC) is a metric used to determine the total average cost your company spends to aquire a new customer.

How do I Calculate it?

Take your total sales and marketing spend for a specific time period and divide by the number of new customers for that time period.

Sales and Marketing Cost

Program and advertising spend + salaries + commissoins and bonuses + overhead in a month, quarter or year.

New Customers

Number of new customers in a month, quarter, or year.

Formula

CAC = Sales and marketing cost / New customers

Let's Look at an Example:

Sales and Marketing Cost = $300,000
New customers in a month = 30
CAC = $300,000/30 = $10,000 per customer

What This Means and Why It Matters:

CAC illustrates how much your company is spending per new customer acquired. You want a low average CAC. An increase in CAC means that you are spending comparatively more for each new customer, which can imply there's a problem with your sales or marketing efficiency.

Marketing % of Customer Acquisition (M%-CAC)

What is it?

The Marketing % of Customer Acquisition Cost is the marketing portion of your total CAC, calculated as a percentage of the overall CAC.

How do I Calculate it?

Take all of your marketing costs, and divide by the total sales and marketing costs you used to compute CAC.

Marketing Costs

Expenses + salaries + commissions and bonuses + overhead for the marketing department only.

Sales and Marketing Cost

Program and advertising spend + salaries + commissoins and bonuses + overhead in a month, quarter or year.

Formula

M% - CAC = Marketing Cost / Sales and Marketing Costs

Let's Look at an Example:

Marketing Cost = $150,000
Sales and Marketing Cost = $300,000
M% - CAC = $150,000 / $300,000 = 50%

What This Means and Why It Matters

The M% - CAC can show you how your marketing teams performance and spending impact your overall Customer Acquisition cost. An increase in M% - CAC can mean a number of things:

- Your sales team could have underperformed (and consequently received) lower commissions and/or bonuses.
- Your marketing team is spending too much or has too much overhead.
- You are in an investment phase, spending more on marketing to provide more high quality leads and improve your sales productivity.

Ratio of Customer Lifetime Value to CAC (LTV:CAC)

What is it?
The Ratio of Customer Lifetime Value to CAC is a way for companies to estimate the total value that your company derives from each customer compared with what you spend to acquire that new customer.

How do I Calculate it?
To calculate the LTV:CAC you'll need to compute the Lifetime Value, the CAC and find the ratio of the two.

Lifetime Value (LTV)
(Revenue the customer pays in a period - gross margin) / Estimated churn percentage for that customer.

Formula
LTV:CAC

Let's Look at an Example:
LTV = $437,500
CAC = $100,000
LTV:CAC = $437,5000:$100,000 = 4.4 to 1

What This Means and Why It Matters
The higher the LTV:CAC, the more ROI your sales and marketing team is delivering to your bottom line. However, you don't want this ratio to be too high, as you should always be investing in reaching new customers. Spendng more on sales and marketing will reduce your LTV:CAC ratio, but could help speed up your total company growth.

Time to Payback CAC

What is it?

The Time to Payback CAC shows you the number of months it takes for your company to earn back the CAC it spent acquiring new customers.

How do I Calculate it?

You calculate the Time to Payback CAC by taking your CAC and dividing by your margin-adjusted revenue per month for your average new customer.

Margin-Adjusted Revenue

How much your customers pay on average per month.

Formula

Time to Payback CAC = CAC / Margin/Adjusted Revenue

Let's Look at an Example:

Margin-Adjusted Revenue = $1,000
CAC = $10,000
Time to Payback CAC = $10,000 $1,000 = 10 Months

What This Means and Why It Matters

In industries where your customers pay a monthly or annual fee, you normally want your Payback Time to be under 12 months. The less time it takes to payback your CAC, the sooner you can start making money off of your new customers. Generally, most businesses aim to make each new customer profitable in less than a year.

Marketing Originated Customer %

What is it?

The Marketing Originated Customer % is a ratio that shows what new business is driven by marketing, by determining which portion of your total customer acquisitions directly originated from marketing efforts.

How do I Calculate it?

To calculate Marketing Originated Customer %, take all of the new customers from a period, and tease out what percentage of them started with a lead generated by your marketing team

Note: You can also compute this percentage using revenue, not customers, depending on how you prefer to look at your business.

Formula

Marketing Originated Customer % = New customers started as a marketing lead / New customers in a month.

Let's Look at an Example:

Total new customers in a month = 10,000
Total new customers started as a marketing lead = 5,000
Marketing Originated Customer % = 10,000 / 5,000 = 50%

What This Means and Why It Matters

This metric illustrates the impact that your marketing team's lead generation efforts have on acquiring new customers. This percentage is based on your sales and marketing relationship and structure, so your ideal ratio will vary depending on your business model. A company with an outside sales team and inside sales support may be looking at 20-40% Margin Originated Customer %, whereas a company with an inside sales team and lead focused marketing team might be at 40-80%.

Marketing Influenced Customer %

What is it?

The Marketing Influenced Customer % takes into account all of the new customers that marketing interacted with while they were leads, anytime during the sales process.

How do I Calculate it?

To determine overall influence, take all of the new customers your company accrued in a given period, and find out what % of them had any interaction with marketing while they were a lead.

Formula

Marketing Influenced Customer % = Total new customers that interacted with marketing / Total new customers.

Let's Look at an Example:

Total new customers = 10,000
Total new customers that interacted with marketing = 7,000
Marketing Originated Customer % = 10,000 / 7,000 = 70%

What This Means and Why It Matters

This metric takes into account the impact marketing has on a lead during their entire buying lifecycle. It can indicate how effective marketing is at generating new leads, nurturing existing ones, and helping sales close the deal. It gives your CEO or CFO a big-picture look into the overall impact that marketing has on the entire sales process.

As marketers, we track so many different data points to better understand what's working and what's not that it can become easy to lose sight of what's most important. Reporting on your business impact doesn't mean you should no longer pay attention to site traffic, social shares, and conversion rates. It simply means that when reporting your results to your executives, it's crucial to convey your performance in a way that your C-suite can get excited about.

Rather than talking about per-post Facebook engagement and other "softer" metrics, use the six metrics we detailed in this cheat sheet to report on how your marketing program led to new customers, lower customer acquisition costs, or higher customer lifetime values. When you can present marketing metrics that resonate with your decisionmakers, you'll be in a much better positon to make the case for budgets and strategies that will benefit your marketing team now and in the future.

Conclusion & Additional Resources

Once you are comfortable tracking the most important metrics for your major marketing channels, it's time to widen your focus and look at your marketing results holistically. Compare results from each channel against the others to get a better picture of which marketing tactics and channels have the biggest impact on your bottom line.

For example, you can use key metrics for website visits, search, blogging, social media, and email to measure your marketing effectiveness by channel. Start by examining website visitors per channel over the previous six months to see which channels typically generate the most traffic, as well as which channels' contributions are growing, shrinking, or affecting your marketing strategy most significantly.

Conclusion continued on next page.

Conclusion, con't.

Next, examine leads and customers per channel to determine how valuable that traffic is to your company. The number of customers you generate from each channel should be your ultimate measure of marketing success. Identifying the channels that generate the most leads and sales can help you decide where to spend more of the marketing dollars in your budget in the future.

By tracking how much revenue is generated from each channel, you can identify which of your marketing tactics are delivering the best return on investment. This information helps you make smart use of your marketing budget, but it's only available once you've begun tracking and analyzing the metrics generated through your analytics programs. A course like General Assembly's Data Analytics is a great place to take the next step in developing your analytics skills and strategy.

Finally, because measuring and comparing results from different marketing channels using different analytics platforms can be tedious and challenging, consider using an integrated inbound marketing platform to consolidate your analytics efforts and easily compare cross-channel metrics to one another.

Now get measuring, and start improving the performance of your marketing performance to generate even better results!