

# MEASURING MARKETING PERFORMANCE

#MKTOGuide

 **Marketo**™  
An Adobe Company

We've been hearing it for some time now: marketers need to earn a seat at the revenue table. But how do you go about doing that? It all comes down to proving and improving marketing's impact on the bottom line by using metrics that matter.

#### A MARKETER'S PATH TO THE REVENUE TABLE

Prove marketing impact	Improve marketing impact
Understand how your marketing investments are impacting the business, then confidently and effectively communicate the right metrics to executives	Have deeper insight into the performance of specific channels, programs, campaigns, and journeys so that you can continue to optimize your marketing and the revenue funnel

If you can't pin down the revenue your marketing initiatives and programs are driving, how can you make smart decisions about future spend?



# ADDRESSING THE CREDIBILITY GAP

For too long, marketing has been seen as a cost center, constantly needing to defend its budget and continuously under pressure to decrease cost per lead, often at the detriment of lead quality. And it's not hard to see why—marketers have traditionally struggled to quantify their return on marketing spend.

When we use vanity metrics such as Facebook likes or the number of Twitter followers as their proof of impact, or claim that those metrics

demonstrate positive ROI, we don't get taken seriously. In fact, there are dozens of metrics used in our the day-to-day operation which are absolutely essential to the marketer, but of no interest to stakeholders.

Marketers must take this to heart. Even reporting lead volume isn't enough. When sales leaders bring revenue numbers to the table and marketing leaders bring lead numbers to the table, marketing's influence is limited. Marketing becomes a service

organization to sales when in reality, the two departments should work in partnership to grow revenue together.

When it comes to proving and improving impact, marketers must be able to accurately connect their efforts to revenue and demonstrate true ROI.

There are hundreds of marketing metrics out there. Set them all aside, take a deep breath, and start with what aspects of marketing performance that are most important to you.



# MONITOR SUCCESS WITH THE RIGHT MEASUREMENT TOOL


To elevate your status and value in the organization, you need to measure key performance indicators (KPIs). A KPI is the measurement of an activity for a marketing or business initiative that allows you to understand what's working and what isn't. This refers to the campaigns, programs, messaging, and content you create.

KPIs are important because they demonstrate how marketing impacts the business. They indicate both

progress and challenges and provide a benchmark so marketers can continually evolve and improve their efforts. While there are many options, marketing organizations typically prioritize a select few KPIs that are tailored to their business processes. By using a proper mix of activity, impact, and journey KPIs, marketing can quickly and emphatically take action, evolve into a revenue center and earn a seat at the table.

KPIs allow a better understanding of where to allocate marketing budget based on where you've realized success or failure.



The background of the slide is a dark blue-tinted image of a desk. On the desk, there is a laptop, a keyboard, a mouse, and several technical drawings or blueprints. The drawings feature various lines, circles, and numbers, suggesting a design or engineering context. The overall aesthetic is professional and technical.

MARKETERS CAN CALL UPON THREE CATEGORIES OF KEY PERFORMANCE INDICATORS WHEN IT COMES TO METRICS THAT MATTER.

### **Activity engagement**

Focuses on engagement behaviors such as opens, clicks, visits, downloads, and form submissions.

### **Impact**

Focuses on outcomes, such as pipeline revenue, closed-won revenue, and ROI.

### **Journey**

Focuses on indicators of cross-functional alignment and processes throughout the buyer's journey, such as MQL-to-SQL conversion rate.

# ACTIVITY ENGAGEMENT KPIS OPTIMIZE EXECUTION

Marketers use activity engagement metrics to measure campaign, program, and channel performance. They answer the question, “Am I executing correctly?” by tracking and measuring prospect behaviors, such as email opens, clicks, page visits, form submissions, or webinar attendance.

Activity engagement-level reports are usually generated on an ad-hoc basis after a certain program is deployed, such as an email campaign. For most marketing teams, this translates into weekly or monthly reports like the one on the following page.

Reporting on activity engagement alone doesn’t show impact on the bottom line. However, in tandem with impact metrics, they are a powerful tool to understand granular performance and move the needle.

These KPIs are important for campaign or channel owners. For example, an email marketing manager needs to understand email open rates and click rates in order to optimize the email channel’s performance. What are the characteristics of emails with high open rates or click rates? What causes an email campaign to fall flat? The same goes for owners of social media, paid ads, events, field marketing, etc.

New Report Actions

Date of Activity: This Quarter (Jan 1, 2013 - Mar 31, 2013 EDT)

Email Name	Sent	Delivered	% Delive...	Hard Bo...	Soft Bou...	Pend...	Opened	% Ope...	Clicke...	% Clicked ...	Clicked to ...	Unsubsc...	% Unsubsc...	First Activity (Ameri...	Last Activity (Ameri...
	25	25	100.0%	0	0	0	18	72.0%	3	12.0%	16.7%	0		Mar 12, 2013 6:12 AM	Mar 29, 2013 6:20 AM
	25	25	100.0%	0	0	0	14	56.0%	0			0		Mar 7, 2013 7:03 AM	Mar 28, 2013 3:56 PM
	24	24	100.0%	0	0	0	22	91.7%	0			0		Feb 19, 2013 10:03 AM	Mar 28, 2013 8:00 PM
	24	24	100.0%	0	0	0	24	100.0%	0			0		Mar 2, 2013 8:57 AM	Mar 28, 2013 7:33 PM
	23	23	100.0%	0	0	0	9	39.1%	0			0		Jan 30, 2013 1:07 AM	Jan 30, 2013 8:15 PM
	22	19	86.4%	3	0	0	9	47.4%	3	15.8%	33.3%	0		Jan 14, 2013 6:05 AM	Jan 21, 2013 1:42 AM
	22	22	100.0%	0	0	0	8	36.4%	2	9.1%	25.0%	0		Jan 10, 2013 7:05 AM	Jan 11, 2013 4:30 AM
	21	21	100.0%	0	0	0	9	42.9%	0			0		Feb 14, 2013 6:45 AM	Mar 27, 2013 2:59 PM
	21	21	100.0%	0	0	0	8	38.1%	1	4.8%	12.5%	0		Feb 28, 2013 6:09 AM	Mar 23, 2013 7:14 AM
	16	16	100.0%	0	0	0	15	93.8%	0			0		Mar 22, 2013 5:58 PM	Mar 25, 2013 8:52 AM
	12	12	100.0%	0	0	0	5	41.7%	0			0		Mar 7, 2013 6:55 AM	Mar 27, 2013 11:02 AM
	12	12	100.0%	0	0	0	6	50.0%	1	8.3%	16.7%	0		Jan 10, 2013 7:00 AM	Jan 10, 2013 12:12 PM
	12	12	100.0%	0	0	0	6	50.0%	0			0		Feb 7, 2013 6:00 AM	Feb 7, 2013 9:02 PM
	9	9	100.0%	0	0	0	4	44.4%	0			0		Feb 13, 2013 7:06 AM	Feb 24, 2013 10:18 PM
	4	4	100.0%	0	0	0	3	75.0%	0			0		Mar 13, 2013 6:07 AM	Mar 28, 2013 7:10 PM
	3	3	100.0%	0	0	0	3	100.0%	2	66.7%	66.7%	0		Mar 19, 2013 6:02 AM	Mar 26, 2013 11:49 PM
	3	3	100.0%	0	0	0	2	66.7%	1	33.3%	50.0%	0		Jan 17, 2013 7:01 AM	Jan 17, 2013 12:12 PM
	2	2	100.0%	0	0	0	2	100.0%	0			0		Feb 28, 2013 4:03 PM	Mar 26, 2013 7:04 AM
	2	2	100.0%	0	0	0	2	100.0%	0			0		Mar 21, 2013 8:00 PM	Mar 26, 2013 2:30 AM
	2	2	100.0%	0	0	0	2	100.0%	2	100.0%	100.0%	0		Mar 24, 2013 7:05 AM	Mar 29, 2013 6:19 AM
	1	1	100.0%	0	0	0	1	100.0%	1	100.0%	100.0%	0		Mar 11, 2013 6:01 AM	Mar 28, 2013 7:03 AM
	1	1	100.0%	0	0	0	1	100.0%	1	100.0%	100.0%	0		Mar 24, 2013 7:08 AM	Mar 24, 2013 7:16 AM
	1	1	100.0%	0	0	0	1	100.0%	0			0		Mar 27, 2013 8:37 PM	Mar 27, 2013 8:37 PM
	1	1	100.0%	0	0	0	0		0			0		Jan 11, 2013 9:03 AM	Jan 11, 2013 9:03 AM
	1	1	100.0%	0	0	0	1	100.0%	1	100.0%	100.0%	0		Mar 22, 2013 5:58 PM	Mar 23, 2013 5:06 AM

# IMPACT INDICATORS DRIVE STRATEGY

A report that features email open rates or webinar attendance will rarely if ever, make it to the C-suite. That's because company executives focus more on strategy than tactics. They're thinking about whether the company should invest more marketing resources in region A or region B, product line X or product line Y, etc., rather than specific tactics. One step down, marketing leaders need to decide how to allocate their resources: "What teams can make the most impact with greater headcount?" and "Where should the advertising budget go?"

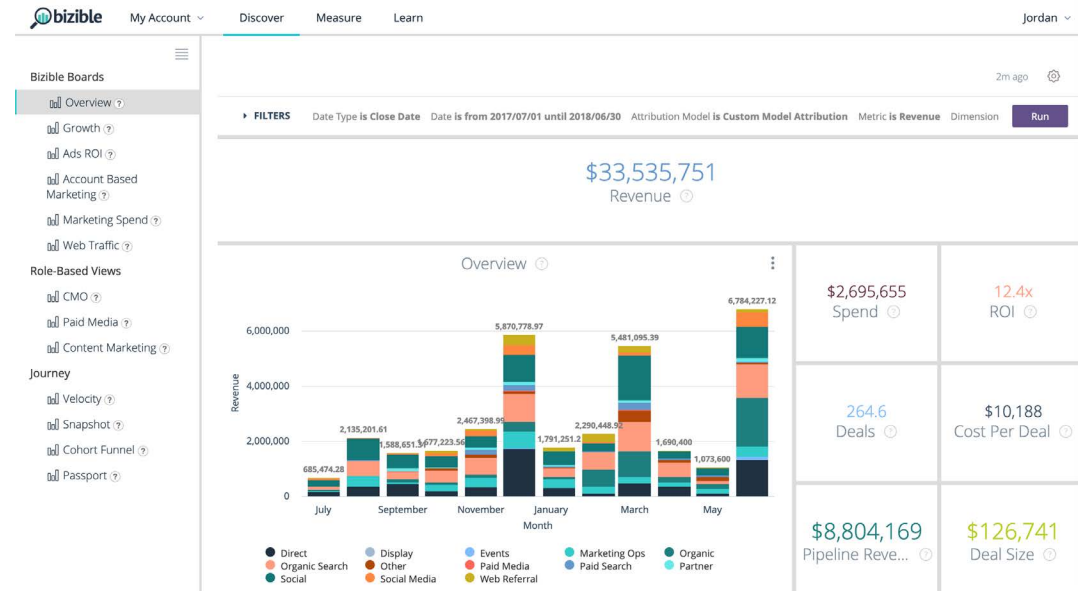
These questions aren't answered with activity engagement KPIs. To answer questions like these, marketers need a different set of KPIs that focus on impact and business outcomes.

Impact KPIs include sales opportunities, pipeline, deals closed, revenue, and ROI. A deep understanding of what efforts move the needle on these metrics enables

marketers to answer questions like, "What channels and campaigns drove last quarter's revenue?" and "What would be the revenue impact of investing an additional \$50,000 in LinkedIn ads this month?"

For instance, impact KPIs can provide insight into how much new pipeline was driven by marketing versus sales, how many of those opportunities closed, and in turn, how much revenue was generated. They also can provide insight into how much revenue was generated from all email programs last quarter, as well as which single email program generated the most revenue.

Because they tend to be cross-channel or cross-campaign reports, directors, VPs, and above are the primary audience for impact KPIs, each with different rhythms. A director may want to see these reports on a weekly or bi-weekly basis, a VP may choose to review them monthly, and the CMO may only look at them quarterly or on an as-needed basis.



While channel owners are interested in activity engagement KPIs, they, too, can gain significant value from impact KPIs. Even though it may take months to fully understand the revenue impact of a campaign, ultimately, marketers should optimize for revenue instead of clicks, leads, or even

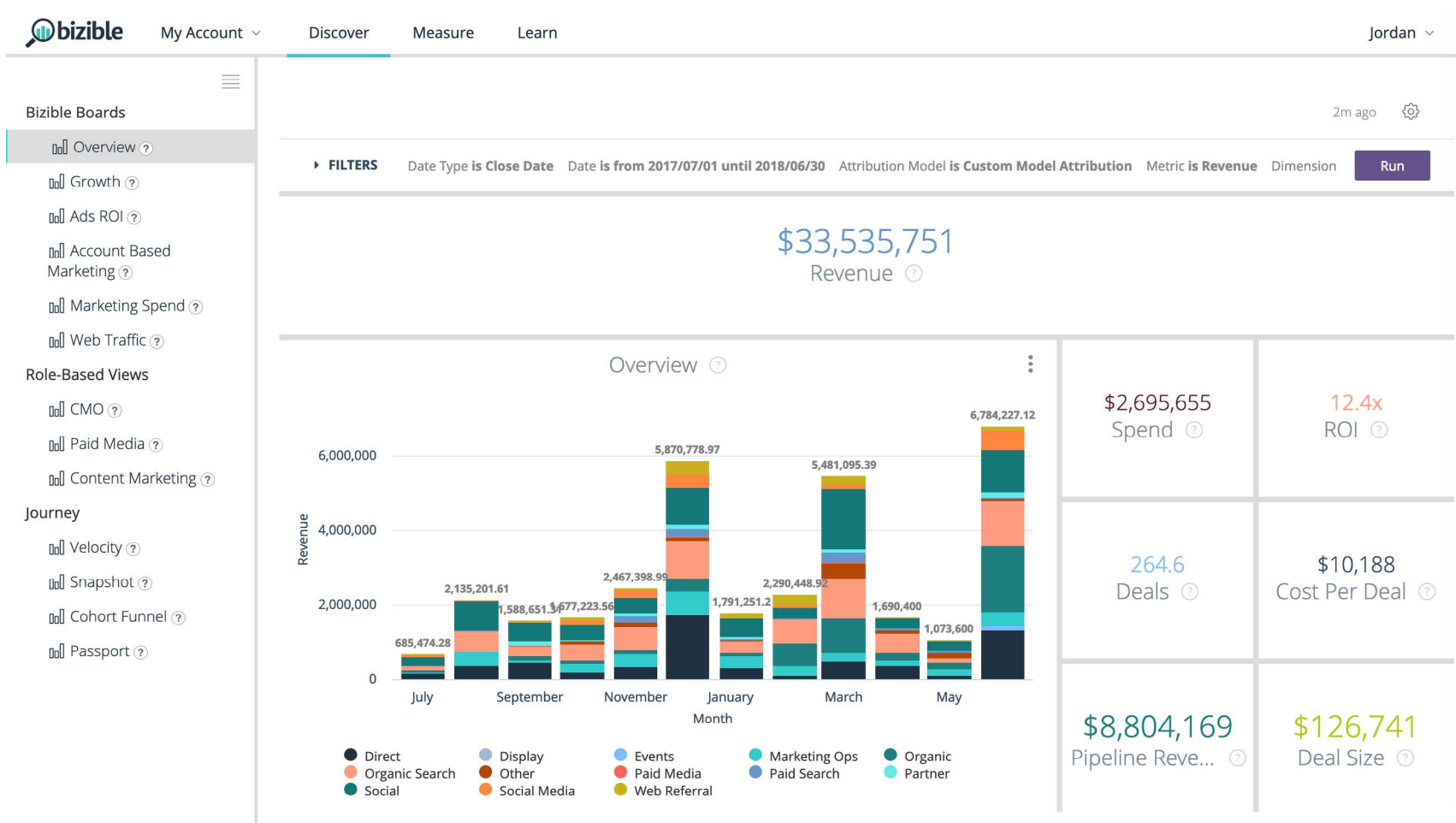
pipeline. Channel owners should take the revenue impact of past efforts into consideration when making decisions about future campaigns.

In this report, you can see KPIs that are impacted across programs. Such a report illustrates, for instance,

performance across the director of digital marketing's team and can help her decide how to optimize resource allocation going forward.

This report is from the advanced marketing attribution offering from Marketo, an Adobe company. With

Bizible you can evaluate the revenue impact of all efforts at any level of granularity, from the keywords to the conferences." With filters and segmentation, you can create reports like the one below to get tailored insights and answer strategic marketing questions.





# JOURNEY INDICATORS ALIGN TEAMS

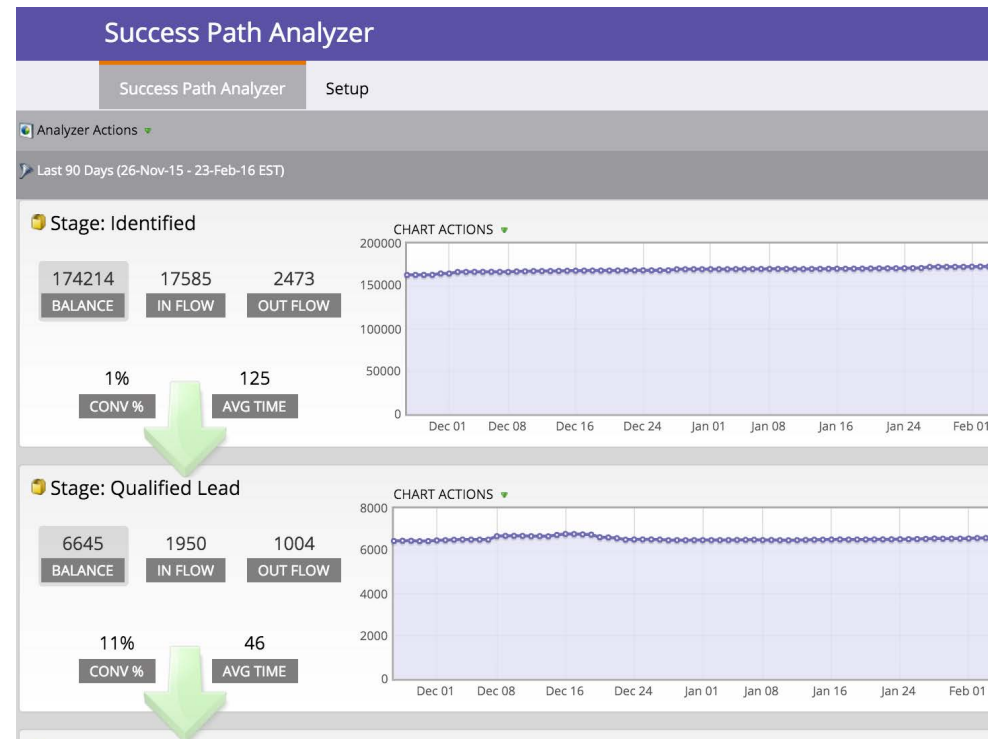
Journey KPIs are indicators that help identify and diagnose bottlenecks in the funnel, and align cross-functional teams.

An example of a journey report is one showing the quality of leads generated by marketing and passed to sales. We call this a “kickback report” and it shows the number of leads rejected by sales and the reasons for those rejections. With this information in hand, the organization can understand if it is generating the right types of leads and, if not, what needs to change to connect with the target audience. The owner of the lead-to-revenue model, often a demand generation leader, can use this data to better align teams and accelerate quality lead and opportunity throughput.

Another example of a journey report is a demand waterfall or funnel that shows how many prospects are in each stage of the funnel, as well as the conversion rate between stages.

Marketers can use this data to identify where there might be leaks or where the transition between marketing and sales is less than optimal. Figure 4 in the sample Success Path Analyzer report from Marketo shows this data, as well as changes over time. With this insight, marketers can best determine how to improve conversion rates and velocity between stages.

While journey KPI reports can be generated on a monthly or weekly basis, they are most often produced in support of performance reviews, and quarterly or annual planning meetings. The focus is on understanding performance so that the organization can identify problem areas and improve going forward.



Operational KPIs help those with a vested interest in cross-functional teams understand operational improvements that can lead to more deals and more revenue.

# EARN YOUR SEAT AT THE TABLE

If you are using traditional marketing metrics to prove your value and support your decision-making, you may very well be setting yourself up to remain on the periphery of your organization. Most of these metrics are meaningless to key stakeholders because they don't tie directly to business value.

To gain a seat at the revenue table, you must demonstrate real outcomes. Using KPIs from each of the categories—activity engagement, impact, and journey—you can effectively tell the story of how marketing is driving revenue and growing the business. In other words, speak the language of business using metrics that matter.





Marketo provides the leading engagement marketing software and solutions designed to help marketers develop long-term relationships with their customers — from acquisition to advocacy. Marketo is built for marketers, by marketers and is setting the innovation agenda for marketing technology. Marketo puts Marketing First. Headquartered in San Mateo, CA, with offices around the world, Marketo serves as a strategic partner to large enterprise and fast-growing small companies across a wide variety of industries. To learn more about Marketo's Engagement Marketing Platform, LaunchPoint® partner ecosystem, and the vast community that is the Marketo Marketing Nation®, **visit [www.marketo.com](http://www.marketo.com).**