Marketing Analytics Metrics

Administration

- Class Participation
  - 3-minute Presentations
  - Speaking in Live Zoom (for Zoom attendees)
  - Class Discussion Board (for non-attendees)
- No Class on Labor Day
- Amazon Guest Speaker on 9/14

Learning Objectives

- Define marketing analytics metrics

- Understand the role of analytics in regularly assessing a firm's overall marketing strategy

- Define a number of strategic, support and development metrics for marketing
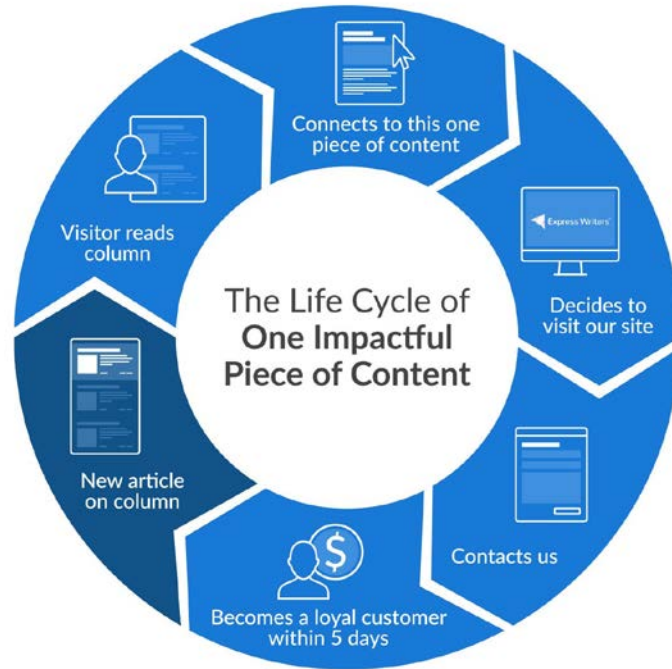
What are marketing analytics metrics?

- They are measures of a data-driven project to maximize marketing effectiveness.

- Understand marketing analytics metrics allows marketers to maximize their efficiency and minimize marketing costs.

- Marketing analytics metrics are ways to assess a **marketing analytics strategy.**

What is marketing analytics strategy?

- Planning a data-driven project to maximize marketing effectiveness

- Allows marketers to maximize efficiency and minimize marketing costs

- Process to accurately report on the past, analyze the present, and predict the future

Content Marketing Life Cycle

The Life Cycle of **One Impactful Piece of Content**

- Connects to this one piece of content
- Decides to visit our site
- Contacts us
- Becomes a loyal customer within 5 days
- New article on column
- Visitor reads column

Marketing Campaign Life Cycle

The Process of creating and running a campaign through several stages:

1. Design

   - Starts with exploratory research (e.g., Dove)
   - Social media analytics (likes, retweets, shares, etc.)

2. Implementation

   - Time to do everything to ensure success of campaign
   - AB Tests are useful at this stage

3. Evaluation

   - Compare results to original goals

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Example: Coca-Cola Digital Marketing Campaign

Design

- Often starts with exploratory research

  - Coke→custom built listening software

    - Find out what is going on; likes, shares, comments

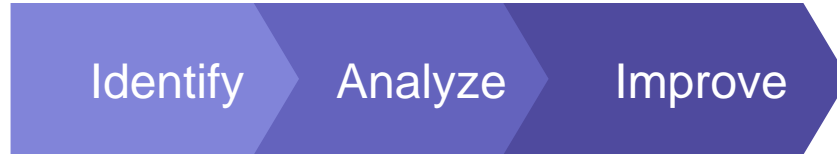- Form hypotheses about which strategies work well and which do not

Implementation

- Ensure the success of the campaign

  - Coke→using their data, generated over 300 customizable responses

- Carefully and regularly monitor results and making adjustments when necessary

Evaluation

- Evaluate whether a campaign has met its goals or not

    ○ Coke→ social reach, over 22-million, increase happiness exposure by 200%

- Determine how many resources should be spent in the future, if any
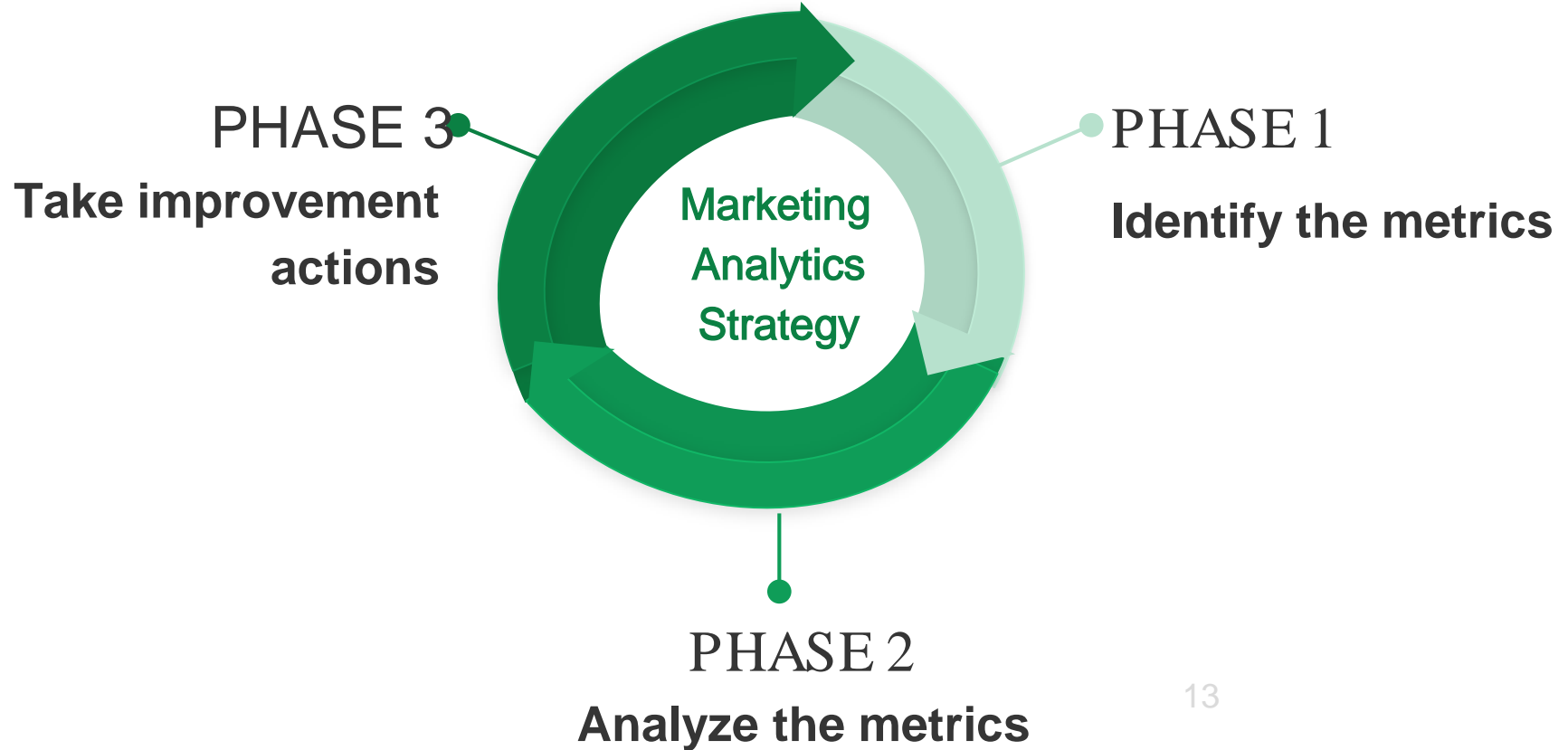
Marketing Analytics Strategy

- Success of campaigns need to be measured

    - How much money to spend on them

    - How to improve outcomes
- Marketing analytics is a continuous function of measuring results of campaigns
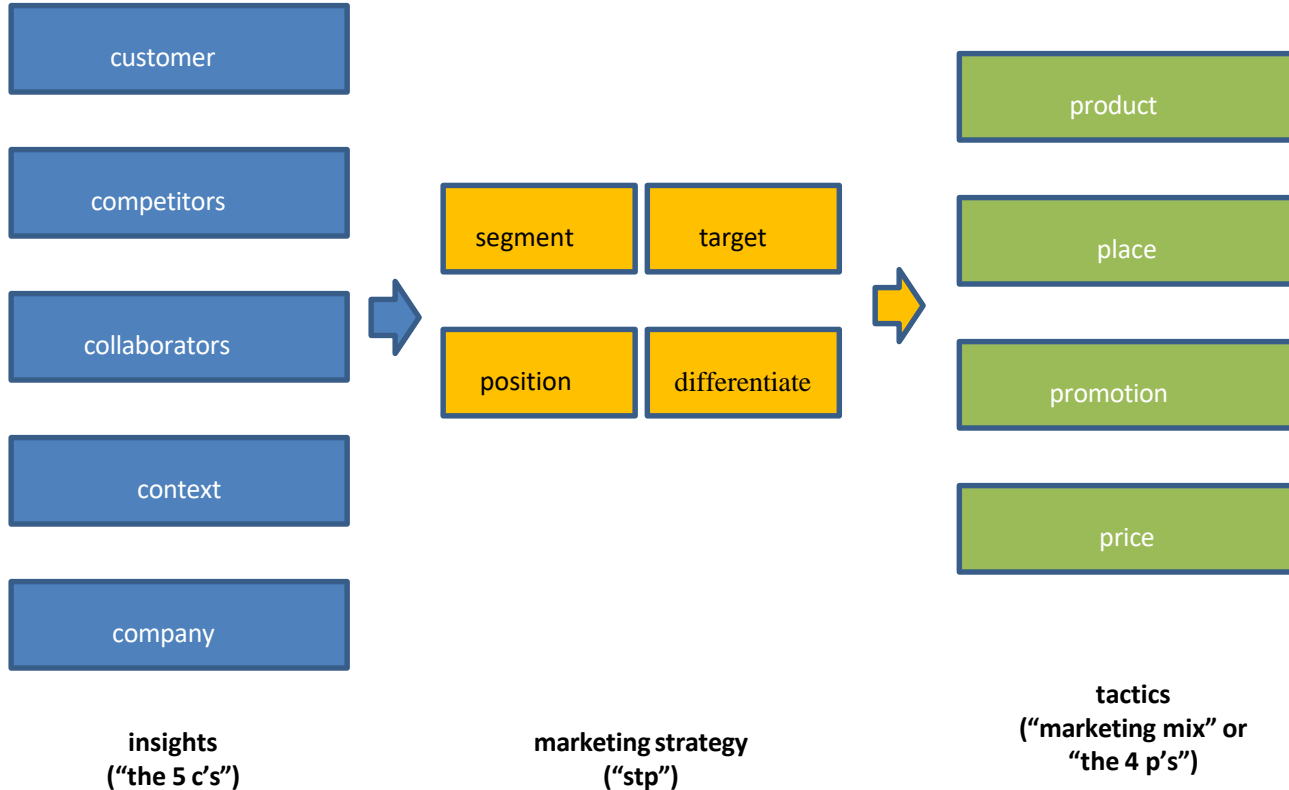
Identify   Analyze   Improve

- Campaign Strategy Steps:

"Rinse, Lather, Repeat" Process

PHASE 3

Take improvement actions

Marketing Analytics Strategy

PHASE 1

Identify the metrics

PHASE 2

Analyze the metrics

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Step 1: Identify the Metrics

- Have a goal in mind .

- Work backwards from the goal. Outline the potential data story.

- Come up with a question you need the data to answer.

- Metrics help bring meaning to the data.

  - Metrics are quantifiable measures used to track the status of a marketing process

- Metrics help determine if goals are being achieved.

Focus: Analytics in the Marketing Process

customer

competitors

collaborators

context

company

segment | target

position | differentiate

product

place

promotion

price

**insights
("the 5 c's")**

**marketing strategy
("stp")**

**tactics
("marketing mix" or
"the 4 p's")**

	SITE/BLOG	ASSET	SOCIAL MEDIA	EMAIL	FEEDS
CONSUMPTION	• Page views • Unique visitors • Avg. time on site Google Analytics	• Downloads • Form- completions HubSpot Marketo eloqua	• Link clickthroughs bitly	• Clicks • Open rate Marketo eloqua MailChimp	• Clicks • Views FeedBurner feedblitz
RETENTION	• % Returning • Bounce rate • Number of visits • Pages/Visit Google Analytics	• N/A	• Followers Twitter in f	• Subscribers • Unsubscribers & opt-outs Marketo eloqua MailChimp	• Subscribers FeedBurner feedblitz
SHARING	• Social media link shares • Retweets • Likes SharedCount			• Forwards	• N/A
ENGAGEMENT	• Session duration • Page Depth Google Analytics	• N/A	• Comments & social media chatter DISQUS	• N/A	• N/A
MPI	• New leads generated (First, last, & multitouch) • Existing leads touched • Content score fullcircle Marketo eloqua				
SPI	• % and $ value of opportunities influenced/generated • % and $ value of opportunities won salesforce fullcircle				
OPERATIONS	**Production** • Time to live • Content throughput • Content backlog **Cost** • Production costs per post • Distribution costs per post • Promotion costs				
ROI	• Return on investment • Pipeline influence per word per writer				

If you use this graphic framework, please cite and link to www.curata.com

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Step 2: Analyze the Metrics

- **Companies must implement systems to track the important metrics**
  - Web Analytics
  - Marketing Automation Dashboards

- **Compare current state to benchmarks**
  - Historical Trends
  - Industry Average Performance

- **Most important step is to determine the root cause of why metrics perform the way theydo:**
  - The Data Generating Process, a.k.a. DGP!
  - Consumer Behavior!

# Example: Analyzing Website Metrics Using Google Analytics
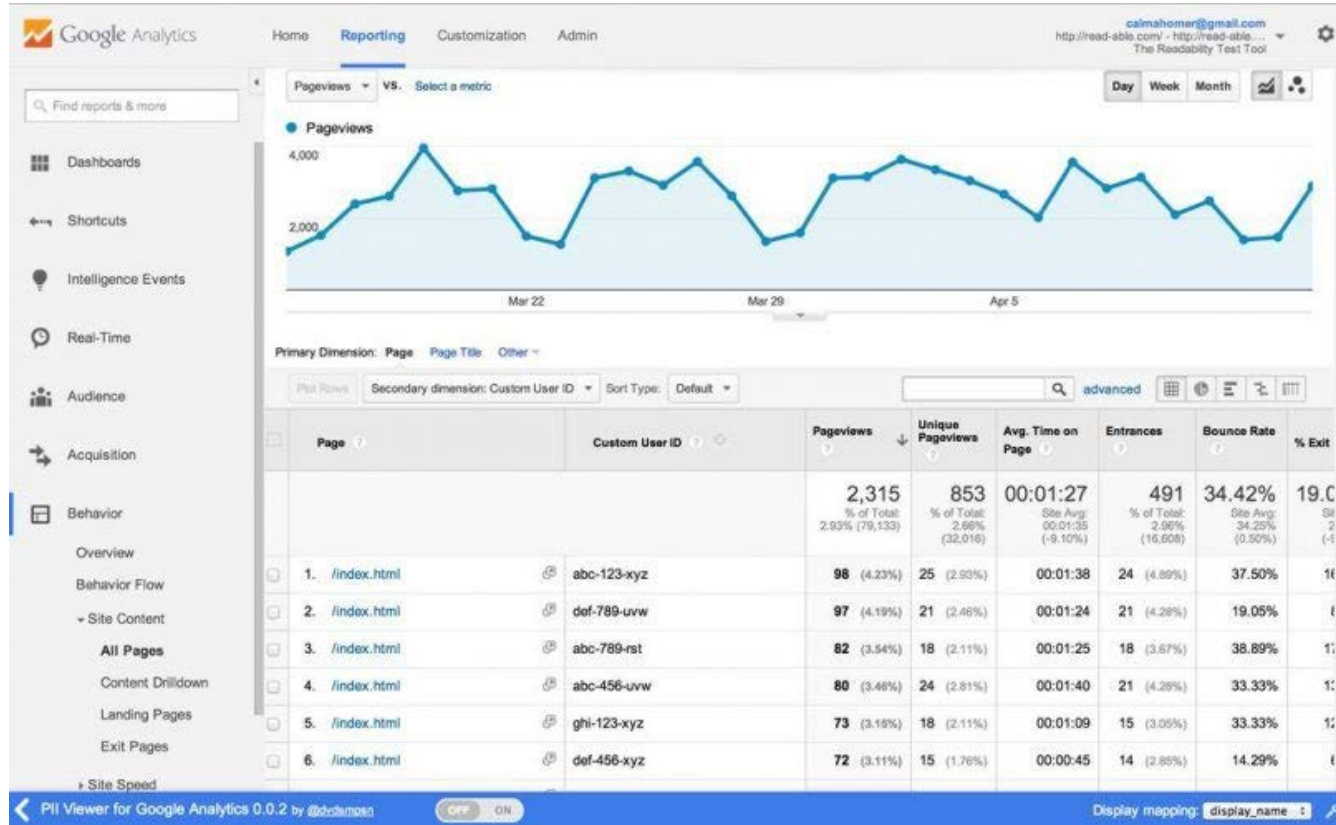
Example: Analyzing Email Marketing Campaign Metrics

Industry	Open Rate	Click Rate	Click-to-Open	Bounce %	UnSub %	Complaint %
Advertising/Marketing	27.86%	9.78%	20.21%	1.19%	0.10%	0.00%
Agriculture	21.58%	7.44%	21.20%	0.88%	0.23%	0.06%
Apparel	16.81%	2.30%	10.11%	0.63%	0.57%	0.06%
Banking	30.06%	4.60%	11.60%	1.06%	0.12%	0.04%
Construction	25.72%	3.79%	9.64%	1.26%	0.08%	0.01%
Consulting	23.83%	3.55%	10.35%	1.93%	0.28%	0.02%
Education	20.67%	1.89%	7.03%	0.81%	0.18%	0.02%
Engineering	17.72%	4.46%	13.73%	3.07%	0.22%	0.03%
Entertainment	21.18%	2.88%	8.71%	0.52%	0.24%	0.01%
Finance	23.27%	3.13%	10.52%	3.24%	0.17%	0.03%
Food & Beverage	21.10%	6.89%	22.31%	0.75%	0.18%	0.02%
Government	28.16%	7.86%	14.10%	2.59%	0.20%	0.01%
Healthcare	18.63%	3.36%	11.20%	1.30%	0.57%	0.06%
Hospitality	21.61%	1.56%	5.70%	0.39%	0.17%	0.01%
Insurance	22.81%	1.35%	4.88%	2.19%	0.17%	0.07%
Manufacturing	24.87%	3.57%	8.97%	0.77%	0.22%	0.02%
Media	14.81%	3.36%	15.41%	0.85%	0.18%	0.04%
Not For Profit	22.50%	3.29%	10.09%	2.23%	0.23%	0.03%
Retail	21.79%	5.45%	17.56%	0.79%	0.20%	0.04%
Technology	23.69%	3.17%	9.28%	2.91%	0.41%	0.05%
Transportation	18.90%	2.20%	8.11%	1.52%	0.25%	0.04%
Utilities	21.10%	2.14%	7.50%	3.48%	0.55%	0.01%
OVERALL AVERAGE	22.17%	3.74%	11.73%	1.04%	0.20%	0.03%

Average Email Metrics by Industry (January 1 - December 31, 2015)

emfluence
Marketing Platform

EXAMPLE: Facebook Video Campaign Metrics

- **5 Metrics to track:**
  - Engagement
  - Reach
  - Likes and Follows
  - Video Retention
  - Click Through Rate (CTR)

- **Can be accessed through your business page**
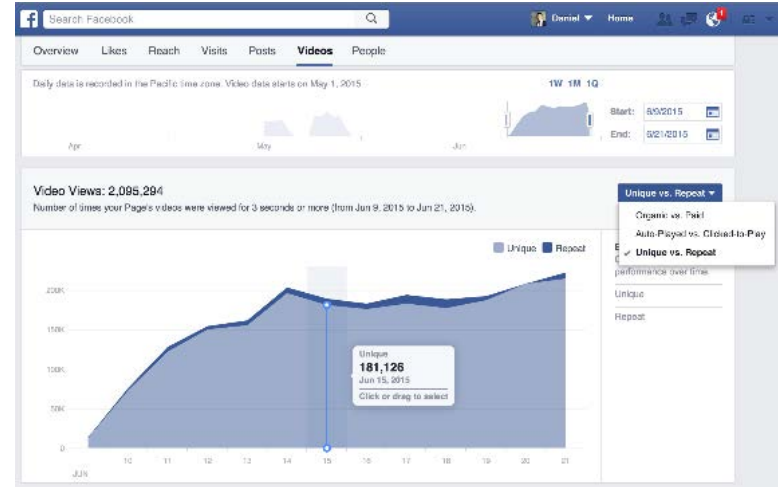
Step 3: Take Improvement Actions

- Most difficult step in the process

- Changes aren't always obvious so marketers use analytical and creative skills to develop solutions
  - A/B testing allows marketers to make isolated changes until the best performing marketing effort can be achieved

- Invest their resources in areas that need the most improvement

Support Metrics

Brand Metrics

Customer Metrics

Digital Marketing Metrics

Development Metrics

Brand Metrics

Brand Recall	Brand Recognition	Depth	Breadth
ability to retrieve the brand from memory	ability to confirm a prior exposure to a brand	ease with which a brand comes to mind	range of usage scenarios for a brand

Brand Recall Metrics

- The ability to retrieve a brand from memory.
  - When you think of soda, you think of Coke, Sprite, etc…
    When you think of fast-food, you think of McDonalds, Taco Bell, etc…

- Brand recall guides our decisions every day.

Brand Recognition

How well can you recognize these logos without the brand name?
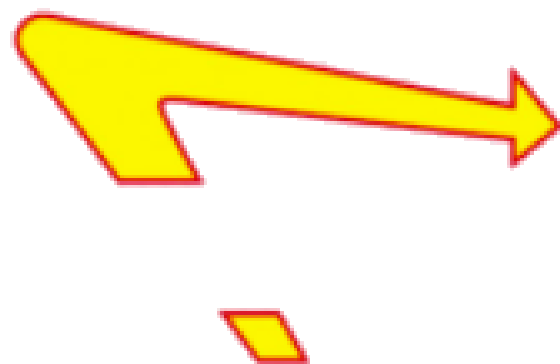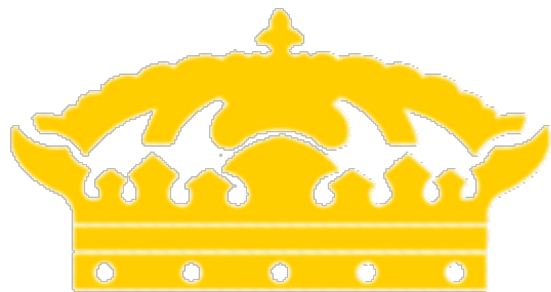
STRATEGIC METRICS

Companies need an overview of the potential revenue available within the market

- **For market entry and exit:**
  - Market size and marketing growth should bemeasured

- **Return on Marketing Investment (ROI):**
  - ROI = (Marketing Revenue * Contribution Margin) / Marketing Spending   profit/cost
    (revenue – cost)/cost

Explaining ROMI

https://www.youtube.com/watch?v=1vRx5TYTmYs

Customer Profit

- The profit a company makes off a customer or customer group over a period of time
- Seeks to acknowledge customer value

Customer Profit = customer revenue- customer costs

EXAMPLE: Sephora's Beauty Insider Program

- Customer loyalty programs are often used to increase customer profits.
  - Point-based program- customers get points for each dollar spent and can redeem them for beauty supply products at checkout

Customer Lifetime Value

- Informs companies about how much a customer is worth to them.
  - Especially important for companies like Netflix, where they want customers to continue to subscribe to its services.

- These metrics focus on the LONG TERM value a single customer brings to the company.

Customer Lifetime Value

Informs companies about **how much a customer is worth to them**

$$\text{Customer Lifetime Value} = (\text{margin}) \, \frac{(\text{retention rate})}{1 + (\text{discount rate}) - (\text{retention rate})}$$

Margin = customer revenue − cost it takes to service the customer

Retention rate = percentage of customers who remain loyal over time

Discount rate = cost of capital for the organization

the cost of capital is the cost of a company's funds (both debt and equity), or, from an investor's point of view "the required rate of return on a portfolio company's existing securities".[1] It is used to evaluate new projects of a company. It is the minimum return that investors expect for providing capital to the company, thus setting a benchmark that a new project has to meet.

Including the Weighted Average Cost of Capital (or WACC) means incorporating variables like debt and other financing costs.

Customer Lifetime Value

Informs companies about how much a customer is worth to them

$$\text{Customer Lifetime Value} = (\text{margin}) \frac{1}{1 - (\text{retention rate})}$$

Margin = customer revenue − cost it takes to service the customer

Retention rate = percentage of customers who remain loyal over time

Churn rate = 1 − Retention rate

AVG custmer Lifetime period = 1/(1 − retention rate) = 1/(churn rate)

https://www.clv-calculator.com/how-to-calculate-customer-lifetime-period-with-a-fluctuating-retention-rate/

if retention rate is annual retention, then the liftime period would be years, and then the margin should be xx/year

CLV Explained

http://www.youtube.com/watch?v=FxpritNCYDA

NETFLIX

- Lifetime Value calculations drive pricing and marketing decisions

- Average subscribers

  - $150 to acquire and maintain each customer

  - Year 1 : 12 months * 10.99/month = **$131.88**

- Solidifies budget for new movies, shows, and marketing expenses

- Netflix has truly mastered Customer Lifetime Value *"down to the penny"*

- Track each individual subscriber's tastes and preferences

- When a customer is about to leave, Netflix:

  - Knows they watch less
  - Uses profile information to maximize Retention Rates by finding ideal shows and movies

NETFLIX

RETENTION

"Netflix has now captured 52% of US broadband households, and in the last year, only 9% of its subscriber base has canceled."

Current and Former OTT Service Subscribers
U.S. Broadband Households

■ Current Subscribers
■ Cancelled in past 12 months

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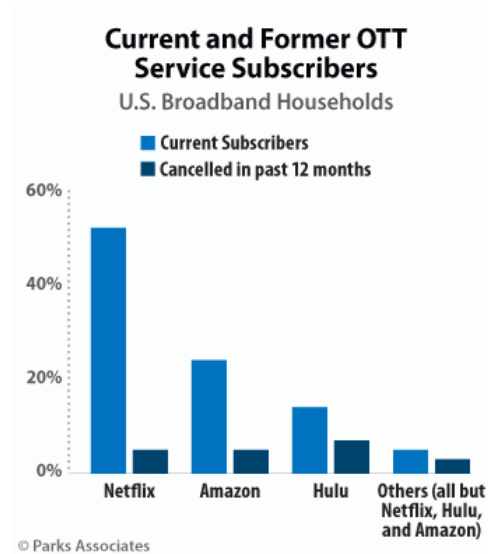
NETFLIX

The average Netflix customer subscribes for 25 months at $10.99 per month.

- Calculate the Average Lifetime Value of a subscriber and subtract 20% for overhead costs:

  - CLV1 = $10.99 *(1-20%) * (1-9%) / [1 + 11% WACC – (1-9%)] = $480.04 (91% retention)

  - CLV2 = $10.99 *(1-20%) *[1- (1/(25/12))] / [1 + 11% WACC – (1- (1/(25/12))]= $162.73
    (52% retention) AVG customer Lifetime period = 1/(1 – retention rate) = 1/(churn rate)

    retention = 1 – 1/avg time period (years)

- As a marketing team, decide how you would use this revenue to expand and maintain Netflix's subscriber base.

  - How much (in dollars) goes toward advertising versus new content?
  - Which metrics would you track to determine if your approach was successful?

Development Metrics

Measures a company's ability to leverage competitive advantage and product or service development.

Divide each development project into:

1. Low cost
2. Customization
3. Quality-oriented development
4. Responsiveness
5. Product innovation
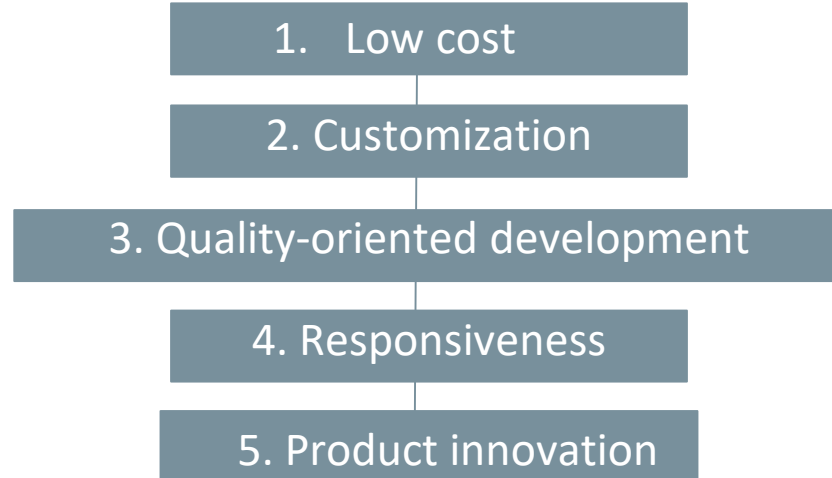
Low Cost Metrics

Measure the ability to deliver goods
and services at a low cost

Customization Metrics

- **Measure the ability to tailor products and services to customers**

  - Can include modular design, configuration systems, flexible manufacturing, and JIT inventor

  - Dell allows customers to configure and customize their PC to their liking, using onli configuration tools.

Quality Metrics

**Ensure that companies produce
high quality products and services**

- Includes certifications, training, employee involvement, etc.
  - Hospitals often conduct ongoing training for surgical staff to ensure that they are constantly delivering top-quality healthcare.

Responsiveness Metrics

Measure whether companies are attentive to customer needs

- Include measures of development speed, attentiveness to needs, and market feedback

- Many companies release new updates in the App Store to better the users experience.

Innovation Metrics

Measure a company's ability to innovate and develop a mix of new offerings

- Measure levels of breakthrough products, next generation products, major enhancements, minor enhancements and corrections
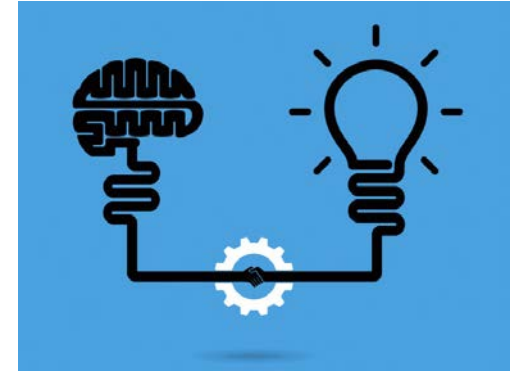
Customer Metrics

Customer Satisfaction

- renewal rates for services

- likeliness to recommend to friends

- effectiveness of online customer service

- customer ratings on sites such as Yelp or Amazon

University of Michigan

- Quality Metrics: Customer Satisfaction

- American Customer Satisfaction Index (ACSI)

- More important for services than durable goods

- Short-term earnings or long-term satisfaction

Why Service Matters
A study of 200 companies shows a clear correlation between higher levels of customer satisfaction and higher stock prices.

Stock Price Change over Time

ACSI Stock Portfolio 144.5%

S&P Total 38.7%

0%

2001   2002   2003   2004   2005   2006
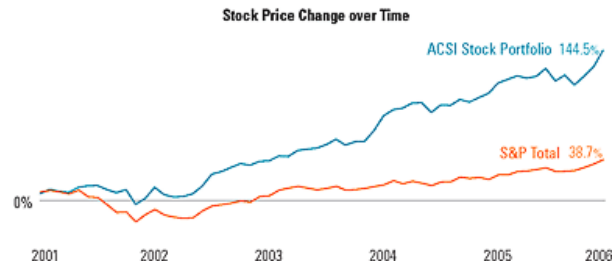
Digital Marketing Metrics

- *Total Conversions*: number of people who have taken a desired marketing outcome, as defined by the marketing team. Examples include completing a checkout on an ecommerce site; filling out a lead form; subscribing for a service; or signing up for a newsletter.

- *Impressions*: the number of time marketing content has been displayed, including the same person multiple times and regardless whether there is any response to the marketing content.

- *Total Reach*: the number of people who received impressions. Or the total number of followers, retweets or friends.

Digital Marketing Metrics

- *Conversion Rate*: the total conversions divided by the total reach.

- *Micro Conversion Rate*: the conversion rate at the campaign or platform level (e.g., the conversion rate for a particular marketing video delivered to apps on a mobile phone).

- *Conversion Funnel Rate*: the portion of customers who make it through to the next level of each step in the journal from impression to conversion (e.g., from impression to click-through; then from click-through to placing an item in the shopping cart; then from the shopping cart to checking out).

Digital Marketing Metrics

- *Lead to Close Ratio*: total number of sales leads by the total number of sales (important for sales analytics)

- *Total Visits*: Total visits to a webpage (non-unique, including unlimited visits by the same person)

- *Unique Visitors*: Total unique visitors to a webpage (monitored by IP address)

- *New Sessions*: The total number of new site versus recurring visitors.

Digital Marketing Metrics

- *Site Time*: the amount of time a customer spends on a site (e.g., important for media providers).

- *Direct Traffic*: number of people who typed in the URL to get to the website.

- *Referrals*: number of people who clicked a link from another website to get to the website.

- *Organic traffic*: number of people who reached the website by perform a search from sites like Google or Bing.

- *Social traffic*: number of people who found the website through social media.

Digital Marketing Metrics

- *Bounce Rate:* Percentage of people who leave the webpage after viewing only one page

- *Click Through Rate (CTR)*: Ratio of people who click on a link compared to the total number of people who saw the link.

- *Customer Retention Rate (CRR)*: percentage of customers who return to buy again.

Digital Marketing Metrics

- *Customer Acquisition Cost (CAC)*: Total marketing costs over a period of time/ Total amount of new customers in that same time period.

- *Open Rate*: the number of people who open an email that has been sent to them dividing by the total number of people to whom the email was sent.

- *Mobile Traffic*: the number of people who see the marketing content through a mobile device.

Walmart

Walmart collects metrics about consumers, analyzes that information in complex ways, and use the results of that analysis to track consumers on and offline while shaping the company's marketing efforts

- Has exhaustive data on at least 145 million Americans — more than 60% of U.S. Adults

- Walmart shares customers' data gathered online with more than 50 third parties

- Ingests just about every clickable action on Walmart.com: what individuals buy online and in stores, trends on Twitter, local weather deviations, and other local external events

  - Intelligently tease out meaningful patterns so millions of customers have a shopping experience that is individually personalized

- Maintains the ability to track customer movement in stores while connected to in-store Wi-Fi

  - *We want you to know that, when you access or use [wireless networks and associated services], Walmart will receive information that may identify you or*
    the device you are using. That information may include MAC address, IP address, and unique device identifier such name or number assigned to the device. If you were required to login in order to access or use the Service, then registration information we obtain from you may include your name, phone number and email address. We also will receive the real-time location of your device while it is accessing the Service.