HOW TO CALCULATE
THE ROI OF
CUSTOMER NURTURING

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BASIC CUSTOMER NURTURING MEASUREMENTS

Measuring your customer nurturing efforts is critical to your success. Since email is such an integral part of your nurture strategy, we wanted to start by reviewing some common metrics most email marketers track.

Here are the seven most common email metrics:

1. Sent

2. Delivered

3. Bounced

4. Opens/Open Rate

5. Clicks/Click Through Rate

6. Unsubscribed

7. Marked as Spam

Sent

Your sent metric is the number of emails that actually moved through your engagement marketing platform. This may or may not be the same as addresses on your sending list; it depends upon how your engagement marketing platform tracks what's been sent (whether or not it includes "bad" email addresses in the final count). Remember, while some of your emails are sent to bad addresses, they certainly don't get received.

Marketo defines Sent as *the number of valid contacts who were sent an email.*

Delivered

Delivered refers to the number of emails that were sent and not rejected by a receiving server. It's important to understand that Delivered does not mean it landed in the recipient's inbox.

Marketo defines Delivered as *the number of contacts who were successfully delivered at least one message.*

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Bounced

Bounced email is the opposite of Delivered email. There are two types of bounces:

1. **Hard bounces are messages that are permanently rejected** (emails denied due to an invalid email address or because the recipient's server has blocked the sender's server).

2. **Soft bounces are messages that are temporarily rejected** because the recipient's mailbox is full, the server is down, or the message exceeds the size limit set by the recipient. Too many soft bounces to one address can eventually result in a permanent hard bounce.

In both cases, Marketo defines Bounced as *the number of people who were sent a message that bounced.*

Open/Open Rate

How many recipients opened (viewed) the email.

Marketo defines Opens as *the number of contacts who opened the email at least once,* and the Open Rate as *the number of opens/number of leads delivered.*

Opens are tracked by adding a small, personalized image ("pixel") to the email. As soon as the image renders, your engagement marketing platform will register that the email has been opened. Note that this means Opens is a difficult metric to track, and there is also no guarantee that an email opened was an email read.

Some challenges:

- If a subscriber loads an email with "images on" in the preview pane, the email platform will record the email as Open even if she doesn't actually look at it.

- Your engagement marketing platform will record an Open if the reader selects it (opens it briefly) in order to delete it.

- If email preferences are set to "images off," it's entirely possible for the subscriber to authentically open and read your email without it being registered as an Open. As we mentioned earlier, most email clients do block images by default.

The bottom line is, the Open Rate is not 100% accurate, but it does serve as a good proxy for whether emails are being read, and as a relative measure to compare emails against each other.

The Marketo Benchmark on Email Performance found that top performers had significantly higher open rates, showing the value of trust and quality targeting:

- Average companies: 10-15%

- Top performers: 16-20%

BASIC CUSTOMER NURTURING MEASUREMENTS

Click/Click Rate/Click-to-Open

When a subscriber clicks on a link, button, or image within your message, a Click is recorded.

Marketo defines total Clicks as *the number of people who click at least one link in the email*. In other words, like the Open Rate, no matter how many times a recipient clicks on the link(s), only one Click is recorded. Counting in this way provides a better measure of how many subscribers are truly engaged. This also ensures the Click Rate cannot be greater than 100%.

Click Rate equals the total number of Clicks divided by the total number of emails delivered (or, depending on the measure used, sent). The Click-to-Open (CTO) Rate is the total number of Clicks (per subscriber) divided by the total number of Opens. This means that Click Rate = Open Rate x Click-to-Open Rate.

Marketers often pay more attention to the CTO than the Click Rate, since the CTO helps to separate the reasons for opening from the reasons for clicking. In the Marketo Benchmark on Email Performance, that top performers had better click rates and click-to-open rates:

Click Rate:

- Average companies: 2.1 – 5.0%

- Top performers: 5.1 – 10%

Click to Open Rate:

- Average companies: 11 – 15%

- Top performers: 16 – 20%

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Unsubscribe Rate

Marketo defines this as *the number of contacts who click the "unsubscribe" link in an email and then follow through to successfully opt out.*

The Marketo Benchmark on Email Performance found that top performers had lower overall unsubscribe rates:

- Average companies: 0.11 – 0.20%

- Top performers: < 0.10%

Marked As Spam

Marketo defines this as *the number of subscribers who reported your email as spam, divided by the number sent or delivered.*

You want to do whatever you can to bring the Marked As Spam rate to the lowest number possible—ideally, zero. The more engaging you are, the fewer spam complaints you'll receive. Remember your goal: send timely, targeted, valuable, human content to people who have requested it.

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ADVANCED MEASUREMENTS

Once you get the basic measurements down, take a closer look at your customer nurturing programs with more advanced metrics such as engagement, and revenue impact.

By moving away from traditional vanity metrics with your customer nurturing, you can tie your efforts closely to moving customers through their buying journey. Basic metrics are a great start, but they don't really tell you what is driving engagement and revenue cross-channel.

Engagement

Engagement is more than an idea or a buzzword; it's a tangible way of interacting with consumers one-to-one across channels by listening, acting, and analyzing. With the right tools, engagement can be measured, managed, and increased.

Operational metrics, such as Opens and Clicks, are not ideal for measuring multi-channel engagement. Consider the following testing scenario:

- Email A has a high Open Rate.

- Email B has a high Click Rate.

- Email C has a high Conversion Rate.

Which of these emails had the best engagement? With traditional email solutions, no real insight is given into whether a campaign has actually engaged customers or deepened relationships. A marketer must pore over multiple

reports and then apply guesswork to determine how an email performed in terms of engagement.

In order to accurately measure engagement, you need a way to combine multiple important metrics.

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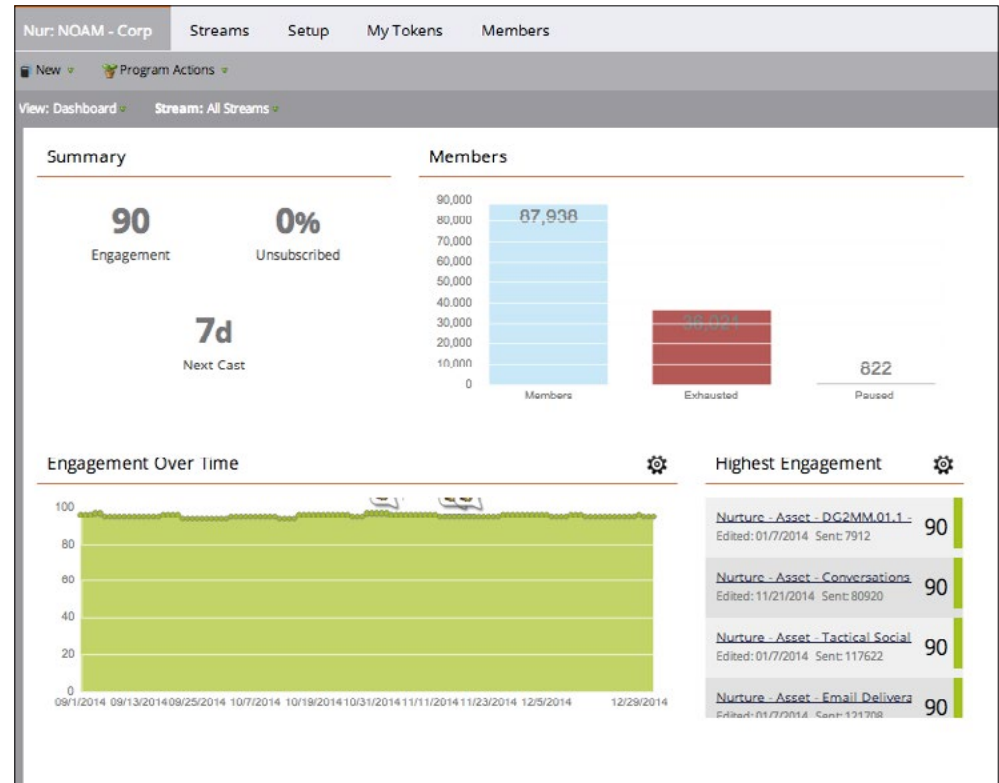## ADVANCED MEASUREMENTS

Marketo Engagement Metric

The Marketo Engagement Score is a proprietary algorithm that our Data Science Team created to determine exactly how engaging each message is. It combines multiple data points—Clicks, Opens, Conversions, Unsubscribes, Program Successes, etc.— and then applies a statistical algorithm to create a single measure of engagement.

Our Engagement Score provides a standard way to measure the engagement of your messages over time, not just as isolated standalone incidents. With this new level of measurement, you can better accomplish the following:

- Fine-tune to improve the engagement of campaigns, continuously.

- See how the changes you make improve engagement over time.

- Test different messages and content streams against each other to find which are the most engaging.

This metric takes the guesswork out of your marketing metrics and applies a tangible number that you can use when making future marketing decisions—not just decisions regarding customer nurturing, but also those relating your entire multi-channel strategy.

Marketo Engagement Score

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