THE INTEGRATED MARKETING ANALYTICS GUIDEBOOK:
METRICS THAT MATTER

OMNI-CHANNEL MARKETING MEASUREMENT BEST PRACTICES

[ BECKON ]
INTRODUCTION

“Marketers need a new framework to align their marketing decisions to the customer’s experiences with the brand to define customer engagement, budget allocation, and organizational skills.”

—Forrester Research Customer Life-Cycle Marketing Playbook

The good news is a growing number of CEOs—three-fourths, in fact—are "totally committed" or "significantly committed" to supporting their marketing teams, up from 67% in 2013.¹ But, CEO style, there’s a quid-pro-quo catch: They’re also asking marketing teams to report more frequently to the C-suite to meet the rising demand for marketing data in 2014. Twenty-five percent of marketers now say our leadership teams require weekly marketing metrics—a 25% increase over last year.²

So here we are with what feels like all the data in the world at our fingertips. Our leadership team is waiting for strategic scorecards to come out of marketing. We’re desperately hoping to get our hands on some meaty diagnostics and measures of effectiveness that help us make actionable decisions. But what should we track, measure and report out? What metrics actually matter?

We may know our email open rates average 9.5%, that we purchased 2.5 million impressions in our last digital campaign, and that we have 1.4 million Facebook fans and half a million Twitter followers, but we’re pretty sure our CEO isn’t going to care. And the more we find ourselves under pressure to quantify effectiveness, the less meaningful these individual data points become. Seventy-two percent
of us now believe our long-term success is tied to proving return on marketing investment. 3 Somehow, we’ve got to show how the opens, clicks, likes, retweets and TV spots work together to drive quantifiable value for the business. It’s a pressing and as yet unsolved problem for most of us: 4

• 90% of marketers say digital tools and channels are fundamentally changing the nature of marketing.

• 73% of marketers say the expanded number of channels and platforms is driving all the change.

• Marketers believe the No. 1 factor influencing our success is the ability to work better across channels.

• Marketers believe the No. 2 success factor for marketers today is the ability to measure and learn from campaign effectiveness.

Telling stories—data-driven stories of how all the little metrics and KPIs work together across channels and map to real business success—is what integrated marketing analytics does. Or at least, that’s what it should do. But telling stories of success is especially difficult for multi-channel marketers. “There is a lot of data that doesn’t fit into a neat column,” says Gartner Research VP and analyst Michael Maoz. “The challenge is, ‘How do I tag [or categorize] it?’ and, ‘How do I codify it?’” 5

According to a recent CMO report from Deloitte, we’d better figure it all out soon. The report lists five new expectations for CMOs today—and most are decidedly quantifiable and data-driven. 6

1 Take on top-line growth

2 Own the customer experience

3 Dig into data-based insights

4 Operate in real-time

5 Master metrics that matter

Though the list may be a good representation of today’s most pressing challenges, it’s arguably in the wrong order. Without mastering the metrics that matter, none of the other objectives are achievable—we have no idea how
to grow the top line, what's influencing the customer experience, how to make real-time decisions, or where to find insight.

So what does matter? Think about the most critical questions for your business. Or, think about the questions that you seem to be asked constantly. Questions like:

• What is our most cost-effective marketing channel?
• Which messages resonate best over Twitter?
• What is the best channel for building awareness?
• What is the most efficient way to drive customer engagement? Is it also the most effective?
• Which campaign brought in the best return last year? Last quarter?
• How healthy is our brand?
• What product or line of business drives the most brand value?

This white paper sums up years of learning from dozens of the world's best brands—what they measure, what they track and what they report out. It serves as an industry best-practice guide to what and how to measure. We'll walk through the following metrics, covering both the what—the proper formulas and calculations—and the why—the critical information these metrics give us about how well our marketing is working:

• **Top-level metrics**: Return on marketing objectives (ROMO) and return on marketing investment (marketing ROI).

• **Funnel effectiveness metrics**: Awareness, engagement, engagement rates, outcomes, and conversion rates.

• **Funnel efficiency metrics**: Cost per impression, cost per engagement and cost per outcome.

• **Paid, owned and earned media metrics** and comparison ratios.
TOP-LEVEL METRICS

ROMO

[return on marketing objectives]

Too often, marketers are accused of relying on “soft” metrics like brand value to demonstrate marketing return on investment. But over the past decade, strong brands have consistently outperformed weaker brands across everything from net revenue to earnings per share. It’s the CMO’s job to make sure that brand value is taken seriously, because it truly does make a big difference in overall long-term business performance.

The return on marketing objectives calculation, or ROMO, is where that happens. The trick is to make our marketing objectives business-driven from the get-go—to frame them in a language the business (particularly the CFO) will understand. Customer lifetime value, for instance, sounds kind of like “net present value”—it’s a metric CFOs easily grasp. Remember, time matters in the world of finance—money today and money tomorrow are different things entirely. Financial calculations are almost always expressed in units of time. Benchmarking our success and demonstrating improvement over time translates marketing success into the language of business.

So, think of two things when defining marketing objectives: costs and returns, both over time. Bring the CFO into your process and, together, choose a set of overall marketing objectives that best serve the business.

Here’s a handy set of business-driven marketing objectives, the marketing-specific objectives that support them, and the underlying metrics that matter—the metrics that reveal what works best at driving those business objectives. Work with your CFO to determine which of these, or others more
tailored to your business, you’ll pursue:

- **Business objective**: Increase revenue, drive sales and/or drive e-commerce.
  - **Marketing objective**: Find most effective content, offers and channels for driving sales.
  - **Marketing metrics**: Revenue per channel by campaign, program, content/offer.

- **Business objective**: Increase lead flow.
  - **Marketing objective**: Find most effective content, offers and channels for acquiring leads.
  - **Marketing metrics**: Lead generation per channel by campaign, program, content/offer.

- **Business objective**: Decrease cost per customer acquisition.
  - **Marketing objective**: Find most efficient content, offers and channels for acquiring new customers.
  - **Marketing metrics**: Cost per customer acquisition by campaign, program, content/offer.

- **Business objective**: Generate more revenue from existing customers.
  - **Marketing objective**: Find most efficient content, offers and channels for engaging existing customers and getting them to upsell or cross-sell.
  - **Marketing metrics**: Cost per upsell/cross-sell, revenue by channel, campaign, program, content/offer.

- **Business objective**: Increase customer lifetime value.
  - **Marketing objective**: Increase loyalty and retention.
  - **Marketing metrics**: CSAT, NPS scores and/or loyalty program membership trends correlated with campaigns, programs and/or content and offers.

- **Business objective**: Increase brand value.
  - **Marketing objective**: Increase awareness of our brand.
  - **Marketing metrics**:
    - Sum of campaign, program, content/offer impressions within and across all channels.
    - Top 2 box awareness, likelihood to buy or recommend (brand tracker survey data).
• Competitive media spend (to make sure we’re rising above the fray).

• **Marketing objective**: Engage our target customers; increase their interactions with the brand.

• **Marketing metrics**:
  - Aggregate average engagement rate.
  - Engagement rate by campaign, program, content/offer within and across all channels.

• **Marketing objective**: Get our customers telling our story for us.

• **Marketing metrics**:
  - Aggregate paid/earned media ratio.
  - Paid/earned media ratio by campaign, program, content/offer within and across all channels.

• **Marketing objective**: Be seen as a “hot” brand.

• **Marketing metrics**: Number of sightings of celebrities wearing or using our products.

Note that all of the above drill down, ideally, to the level of campaign, program, content/offer and channel. If we can capture data at that level of granularity, we’ll not only see how we’re performing, but we’ll have practical indicators that show which tactics drive—and don’t drive—better results.

Best-in-class marketing companies capture data from even more angles, allowing them to drill down even further: by geography, product, line of business and customer demographics (e.g., age, gender, buyer segment). This is important because oftentimes the most effective, efficient content and programs vary by region, product and customer type. The main thing is that we organize our marketing measurement framework in the same way that the business reports business results. If revenue is calculated regionally and by product, our marketing metrics should also reveal what works best in each region and for each product.

Using the above framework, we now have a structure for ROMO (return on marketing objectives) reporting that is both tied to business outcomes and, importantly, *quantified* by relevant marketing metrics.
ROMI or Marketing ROI
[return on marketing investment]

Whether we call it return on marketing investment (ROMI), marketing return on investment (MROI), marketing ROI or just plain ROI, there's a whole host of arguments for being able show it—the first of which is likely that our boss demands it of us. Marketers are being held more accountable for their decisions than ever. Which makes sense, because all we ever do is ask for a bigger slice of the resource pie. Global marketing spend has been rising faster than the bottom line for decades. It now exceeds $1 trillion, which makes it between 1% and 2% of global GDP.7

As we command an increasingly large share of business resources, it's imperative that we become more business-minded. We have to embrace business-based decision-making: hard-nosed, bottom-line and efficient. While most CMOs still talk about brand awareness, TV impressions and market share, they find their needs lost in translation when it comes time to ask the CFO for more resources. CFOs are interested in “capital investment estimates, net present values, and a clear outline of the trade-offs of any investment.”8

That means being able to show what came of our trade-off choices, what our investments have yielded, and that we're capable of driving continuous improvement—just like the rest of the business. The qualitative, conceptual, artistic side of marketing still exists—we still have to create compelling content that strikes a chord in the marketplace (which, in turn, drives strong quantifiable metrics). But we also have to become more quantitative if we expect to keep our seat at the business table. So far, more than half of marketing departments are falling short—56% of CMOs today claim they are unprepared for ROI accountability.9

Such widespread inability to demonstrate what we're getting for our dollars also begs the question of how much waste must be going on. In fact, it's a lot. It's estimated that 15% to 20% of global marketing spend—or $200 billion—could be “released” through better efforts at managing marketing return on investment.10 In other words, the simple act of calculating ROI reveals waste and inefficiencies.
Return on marketing investment is actually a very simple calculation:

\[
\frac{[\text{return} - \text{cost}]}{[\text{cost}]}
\]

The denominator (cost) is pretty obvious. The calculation of “marketing return” is not. However, as with many other marketing metrics, what we want to do is:

1. **Show we’re moving the needle.** Demonstrate that we’re figuring out how to be more effective and efficient. Benchmarking and tracking changes over time will reveal that.

2. **Find opportunities to optimize.** Use marketing ROI calculations to find out where the best ROI can be had. Stack-ranking programs and channels by ROI will reveal that.

So, whatever we use to define “return”—whether it’s revenue, leads or customer lifetime value—we’re looking for relative positive change. As long as we’re consistent over time in what we call a “return” and use the same definition to evaluate success across programs and channels, the simple act of measuring and tracking ROI will move us toward more effective, efficient functioning. The best-performing marketing teams don’t guess at what works. They stack-rank various tactics by ROI and regularly shift spend from lower-performing to higher-performing efforts.
The purchase funnel, or buyer’s journey, is a simple marketing model that’s been in use for over 100 years. It says that from the time a customer becomes aware of our products to the time they actually purchase from us, they’re on a journey that can be divided into stages. From a customer’s point of view, those stages (at their most basic) are 1) to become aware of/consider a brand, 2) to choose to learn more, and 3) to decide to purchase.

If that’s the buyer’s journey, then from a marketer’s point of view the clear objectives are to generate awareness, engage customers and produce “outcomes” (this is ideally revenue, if we know it, but it could be sales, leads, customer sign-ups—whatever the objective of the campaign is). More complex funnels can include more stages.

Funnel metrics map directly to these stages, and reveal how we’re performing in terms of the buyer’s journey. Whether we use a three-stage funnel, a six-stage buyer’s journey or any other funnel, funnel metrics let us understand our volume and cost-effectiveness at each stage, and how well we’re moving customers from one stage to the next.
Here’s what it looks like when we put it all together.

Funnel metrics tell us how effectively our marketing messages, offers and content are attracting and converting customers. They show us where the obstacles lie—which stages of the funnel are experiencing problems. Importantly, funnel metrics let us quantify marketing performance, helping us make data-driven decisions instead of just relying on intuition or gut feeling.

We’ll start by looking at the volume metrics: top-of-the-funnel awareness, mid-funnel engagement and bottom-of-the-funnel outcomes. Again, think of outcomes the same way as you would “returns” in the ROI section above. They are what you and the business decide you’re driving—leads, sales and customer lifetime value are common.

**Awareness**

[impression volume]

Have we reached a lot of people, or just a few? On which campaigns or content themes have we doubled down? How many impressions have we created in the UK versus the US? How does this year’s volume of impressions compare to last year’s?

Awareness, measured as impression volume, is a top-of-the-funnel metric that shows how many people our messages have reached. Impressions are a main-stay metric for online display media, meaning “ads served”. But if we instead
think about impressions as an abstract concept used consistently across every channel, the metric becomes very powerful. Email has “impressions” as well, but it’s not “number of emails sent”—those aren’t eyeballs on emails. Rather, the best impressions number for an email is the number of emails opened (showing that someone actually read or at least glanced at that content). In this way, every channel can have an impression volume metric.

We also want to track impression volume per program, campaign and any other segments the business reports on, like geography, product or customer type. And then we can answer questions like, What’s driving the most impressions for us? What was the breakdown of impressions served? How are the total number of impressions trending over time?

**IMPRESSION VOLUME BY PRODUCT AND CHANNEL**

How many impressions did each channel generate for each key product?

- Online Display
- Out of Home
- TV
- Print
- Public relations

<table>
<thead>
<tr>
<th>Product</th>
<th>Online Display</th>
<th>Out of Home</th>
<th>TV</th>
<th>Print</th>
<th>Public Relations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Windows PC</td>
<td>1 BN</td>
<td>3 BN</td>
<td>2 BN</td>
<td>3 BN</td>
<td>4 BN</td>
</tr>
<tr>
<td>iPad</td>
<td>0.5 BN</td>
<td>1 BN</td>
<td>2 BN</td>
<td>3 BN</td>
<td>4 BN</td>
</tr>
</tbody>
</table>

**Engagement**

[sum of total engagements (weighted or not)]

When we buy a lot of eyeballs, we’ve invested in the first stage of the funnel: awareness. Presumably, our efforts there have made plenty of people aware of our product or brand. But are they clicking, liking, retweeting, visiting, downloading, signing up, visiting our website or taking any other action? Engagement is a middle-of-the-funnel metric that tracks whether our target audience is taking action. Once again, we want to know that by campaign, channel, region, etc., depending on how the company reports results.

Engagement is an aggregate metric. We want to total up all the metrics that represent actions initiated by an end user—all the signs that they interacted
with our content and/or chose to learn more. This total engagement number can be a simple sum of likes, clicks, opens, views, downloads, pins, video views and so on—and this is what we recommend for any marketing department just starting out on the measurement journey. For more advanced marketing departments, each component of engagement can be weighted according to what the team determines is more or less meaningful. For instance, you may decide one download equals two Pinterest pins, or that an email open is worth twice what a click-through on a banner ad is worth. The exact weightings aren’t as important as maintaining a consistent formula that reveals a rich understanding of cross-channel engagement.

### TOP ENGAGEMENT-DRIVING CAMPAIGNS
Which campaigns have driven the most engagement?

<table>
<thead>
<tr>
<th>Campaign</th>
<th>Engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sweepstakes Microsite</td>
<td>43.5MM</td>
</tr>
<tr>
<td>Branded Online Video Content: Hulu</td>
<td>17.2MM</td>
</tr>
<tr>
<td>Branded Online Video Content: BNQT</td>
<td>1.12MM</td>
</tr>
<tr>
<td>China Desktop Pro Ongoing Display Ads</td>
<td>356k</td>
</tr>
<tr>
<td>Branded Community</td>
<td>107K</td>
</tr>
<tr>
<td>Ongoing Organic Search: Google</td>
<td>95.1K</td>
</tr>
<tr>
<td>Localized Social Media: United States</td>
<td>82.3K</td>
</tr>
</tbody>
</table>

### Engagement Rates

\[
\text{Engagement Rates} = \frac{\text{engagement}}{\text{impressions}}
\]

Where engagement is an aggregate measure of all the customers we’ve successfully persuaded to take an action—click through, view, or like something we did—*engagement rates* quantify our success at moving audiences from the first stage of the funnel to the second—from awareness to engagement. In other words, of all the eyeballs we’ve reached, what’s the percentage that took an action?

Once we know total impressions and total engagements, we can use the ratio between them as quantifiable evidence of how well our marketing draws customers into interacting with us. To steal a TED Talk phrase, engagement rates answer the question, “Are we creating ideas worth spreading?”
We typically know what our engagement rates are within a channel. We know which Google AdWords copy has the highest click-through rate, which landing pages have the highest form completion rates, and which emails have the highest open rates. As omni-channel marketers we want cross-channel insight—what’s engaging our customers best across it all? For that we need a normalized, apples-to-apples metric. The way we get it is to describe engagement as a percentage of impressions. By creating a universal engagement-rate metric, we can compare channels and tactics to each other to evaluate things like:

1 **Content interest and velocity.** What do our customers care about more: helpful hints for using our products, or discount offers? What types of content do our customers most like to share: product photos, stories about corporate responsibility, or funny videos? The content with the highest engagement rate provides the answer.

2 **Channel velocity.** Which channels are truly engaging our target customers? Look to the engagement rate by channel.

3 **Audience engagement.** Which audience resonates more with our message: working moms or college students? Look at the engagement rate for content run in mom-audience networks and compare that to the engagement rate when that same content is run on sites targeted at college students, and you’ll know.

**Outcomes**
[lead volume, customers acquired, sales revenue]

Outcomes are the last stage of the funnel. They quantify the business results we’ve driven. As marketing leaders are held more accountable for bottom-of-the-funnel outcome metrics—things that translate easily to business value—they’re increasingly asked to “sign up for a number” just like chief revenue officers or SVPs of sales do when they take on a quota. For marketers, that “number” might be in dollars and might not. Those of us responsible for e-commerce certainly have a dollar figure to hit. For B2B marketers, that “number” might be qualified leads.

Whether or not we’re responsible for any specific outcome (for example, 10,000 leads per year), most of us are at least expected to show constant improvement (say, grow lead flow by 10%). Once we get a good sense of outcome metrics and establish a baseline, setting targets or goals for the team is the likely next step.
Like all other funnel metrics, we need to be able to look at outcomes by channel and campaign as well as region, segment, line of business and any other way our business reporting is organized.

**Conversion Rates**

\[
\frac{\text{outcomes}}{\text{impressions}}
\]

\[
\frac{\text{outcomes}}{\text{engagement}}
\]

**LEADS BY CHANNELS (ALL)**

Overall, what drives the bulk of our leads?

Similar to an engagement rate, which shows how effectively we’re moving customers from being aware of us to engaging with us, a conversion rate reveals how well we’re moving customers from awareness or engagement to outcomes (sales, leads, sign-ups and so on).

Notice that there are two types of conversion rate. The first is the rate from awareness to outcomes (outcomes/impressions). This is the overall conversion rate that answers the question, “Of all the people who saw our stuff, what percentage ended up buying or taking the desired action?” The second conversion rate (outcomes/engagements) shows how effectively we convert the folks who engaged with us.

Overall conversion rates (from impressions to outcomes) are good to know, but if it goes up or, more worrying, down, then our engagement rate and the second conversion rate (from engagement to outcomes) can help us diagnose the problem by breaking down the funnel to its component parts. For example, if the engagement rate for a campaign, program or channel is very high (lots
of people are clicking) but the outcomes/engagement rate is very low, then we know the offer, pricing or even the lead capture form has a problem that's preventing conversions, because the message is really resonating.

A Hypothetical Three-Stage Funnel: Volume and “Cost Per”
Now we can bring spend into the funnel-metrics equation in order to understand cost-efficiency—what drives the most impressions, engagement and outcomes per $1 we spend?

Let’s look at our funnel table again:

![Funnel Metrics Diagram]

It’s critical for marketers to get a handle on efficiency metrics so we can answer the questions that will inevitably come: “If I give you another $10,000, where will you spend it and how will you decide?” Spend is the great normalizer—efficiency metrics are the guide.

Note that with funnel efficiency metrics, we have to decide up front how we’re going to define spend, and then be consistent. Some companies only choose
to include direct costs like actual media buys. Others include employee head count, creative production costs and agency fees. It doesn’t really matter which we choose, as long as we apply it consistently.

**Cost per Impression**

\[
\text{[spend]} / \text{[impression]}
\]

Cost per impression, or CPM, is an important metric for overall marketing ROI calculations and channel-mix decisions—we need to know how expensive or cheap channels are relative to each other for generating awareness. Under the classic definition, CPM was a metric used only for an individual channel. Now, using the expanded definition of “impression” described previously, CPM can be a cross-channel metric.

**Cost per Engagement**

\[
\text{[spend]} / \text{[engagement]}
\]

Cost per engagement is a key efficiency metric these days, with many CMOs going on record about how much they love cost per engagement as a rallying cry for their organizations. This metric says: Our goal is to engage customers (inspire them to interact with us as a brand and learn more) and we want to do that as cost-effectively as possible.

But how to calculate it? Remember, engagement actions vary per channel—in Twitter it’s a retweet, in search it’s a click, in YouTube it’s a video view and so on—so be sure to use aggregate engagement (defined above) as your denominator. The numerator is simply the sum of all our spend. Now we can stack-rank all we do by how cost-effectively it engages consumers.
ENGAGEMENT COST-EFFECTIVENESS
How much are we paying per engagement?

<table>
<thead>
<tr>
<th>EMEA Tablet Pro Launch Email</th>
<th>$385</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico Desktop Pro Ongoing Display Ad Performance</td>
<td>$87</td>
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<tr>
<td>Launch Press Release</td>
<td>$72</td>
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<tr>
<td>Celebrity Sponsor Reveal</td>
<td>$72</td>
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<tr>
<td>LinkedIn</td>
<td>$66</td>
</tr>
<tr>
<td>Canada Desktop Pro Ongoing Display Ad Performance</td>
<td>$35</td>
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<tr>
<td>Roadshow: US</td>
<td>$33</td>
</tr>
<tr>
<td>UK Desktop Pro Ongoing Display Ad Performance</td>
<td>$32</td>
</tr>
<tr>
<td>Facebook - Promoted Posts</td>
<td>$30</td>
</tr>
<tr>
<td>China Desktop Pro Email</td>
<td>$27</td>
</tr>
<tr>
<td>US Desktop Pro Email</td>
<td>$27</td>
</tr>
</tbody>
</table>

Cost per Outcome

[spend] / [outcome volume]

Measuring what it cost to acquire that customer or book that deal is, actually, a look at profitability, and an especially familiar metric to a CFO. Like cost per impression, cost per outcome is a foundational metric used to help make channel-mix decisions.

COST PER LEAD, BY CHANNEL
Which channels are the most costly for us? Least?

<table>
<thead>
<tr>
<th>Search</th>
<th>$22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Email</td>
<td>$12</td>
</tr>
<tr>
<td>Online Display</td>
<td>$3.05</td>
</tr>
<tr>
<td>Website</td>
<td>$0.059</td>
</tr>
</tbody>
</table>

Note that with funnel efficiency metrics, we have to decide up front how we're going to do it. For example, if a company decides to measure the efficiency of their funnel by the number of leads generated, they may choose to use the following formula:

\[
\text{Funnel Efficiency} = \frac{\text{Number of Leads Generated}}{\text{Cost of Lead}}
\]

It's critical for marketers to get a handle on efficiency metrics so we can answer the questions that will inevitably come: "If I give you another $10,000, where will I get the most bang for my buck?"
PAID, OWNED AND EARNED MEDIA METRICS

The goal of paid advertising is to generate impressions, but we hope it doesn’t end there. We want our paid media to inspire people to “learn more” by visiting owned media like our websites. We also want earned media—buzz and consumer-generated content around our brand and products.

Tracking the impressions that happen as a result of the impressions we buy gives us a sense of how the impressions we buy are working. Paid, owned and earned media metrics are top-of-the-funnel diagnostics. They help us evaluate our efforts to create awareness.

Roughly, here’s how paid, owned and earned media are defined and measured:

- **Paid media.** Media we pay for such as online banner and text ads, and radio and TV advertising. Typically measured in volume of impressions.

- **Owned media.** Content consumed on media we own like our website, microsites and online communities. Typically measured in visits or page views.

- **Earned media.** Free media we get in the form of consumer word-of-mouth on properties we don’t own like Facebook, Twitter, Pinterest and YouTube. Typically measured in likes, retweets, pins, views, etc.

Earned media—often called “consumer-generated impressions”—is largely associated with social media. But some brands roll in estimated impressions from PR efforts as well—that is, mentions in the press. Be careful about combining PR mentions and consumer mentions. Social media mentions are actual counts, while the numbers we typically get from PR for media “impressions” are circulation numbers. We can’t know how often a story featuring our brand or products was actually read on page 43 of The New York Times. But we can
directly measure how well we amplified that story by adding it to the news section of our own site, measuring those page views, and sharing links to that page over social media and measuring the likes, shares and retweets it gets. It’s important to take care how we lump PR efforts into earned media.

**PAID/OWNED/EARNED IMPRESSIONS BY CAMPAIGN**

Which campaigns are generating the most awareness?

<table>
<thead>
<tr>
<th>Campaign</th>
<th>Paid</th>
<th>Owned</th>
<th>Earned</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Product Launch</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Best Place to Work</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>David Beckham Ads</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mix-Tape Contest</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Clearly, in the example above, something about the David Beckham ads and Mix-Tape contest really resonated with audiences, while the Best Place to Work push fell on deaf ears—it garnered no earned impressions at all.

We can also calculate ratios between the three forms of media—paid-to-owned, paid-to-earned and earned-to-owned—to reveal more about what’s working.

**Paid-to-Owned Media Ratio**

\[
\frac{\text{owned media impressions}}{\text{paid media impressions}}
\]

Yes, the ratio is called paid-to-owned, but paid media is typically the denominator in this metric. The truth is, it doesn’t matter which is the numerator and which the denominator as long as we’re consistent. As with all other metrics, what we’re aiming for is positive change over time. Whether we begin with a 1:4 ratio and try to grow it, or 4:1 and try to shrink it, as long as our goal is to grow owned media relative to paid media, we’re on the right track.
The paid-to-owned ratio tells us how effectively our paid media is driving owned impressions. It's a critical metric for evaluating campaigns and programs for products that consumers consider at great length before buying (think cars, financial services, etc.). For low-consideration categories (fast food, soda pop, gum), a stop at the website to pore over options is not typical, so this ratio may not be as important.

If our website matters in the purchase process, then benchmarking a paid-to-owned media ratio and asking our creative team or agency to beat it on the next campaign is a great—and importantly, quantifiable—marketing objective.

**Paid-to-Earned Media Ratio**

\[
\text{[earned media impressions]} / \text{[paid media impressions]}
\]

The paid-to-earned media ratio tells us how well our paid media generates word-of-mouth, or free impressions. Once again, for our purposes here, paid media impressions constitute the denominator. It’s a great ratio to give to creative teams or agencies as a baseline, along with a call to action to bring all their creativity and energy to the table to get that ratio up.

The paid-to-earned media ratio is powerful on a campaign-by-campaign basis, or even a product-by-product basis, but it can also be calculated for the brand overall and used as a baseline for future improvement. We can’t all become Apple overnight (who, by the way, enjoys a very strong paid-to-earned media ratio because people love talking about the brand), but any of us can move the needle. Benchmarking our brand’s overall paid-to-earned media ratio is a great “grand brand health metric” and can be used as a rallying cry for the whole business to pitch in and help drive it upward.

Oreo’s two distinct efforts during the 2013 Super Bowl show the power of this metric. When the power suddenly went out at the stadium, Oreo promoted a simple tweet (paid media), “You Can Still Dunk In The Dark”, which was retweeted 10,000 times in the first hour (earned media). By contrast, Oreo’s Super Bowl
TV spot cost millions to produce (paid media) and generated much less buzz (earned media) than the simple tweet. We might imagine the comparison to look something like this:

**PAID-TO-EARNED MEDIA PERFORMANCE**

Which campaign resonated more with audiences?

![Bar chart showing paid vs earned media impressions for Super Bowl Ad and Super Bowl Tweet.]

Intuitively, we know the tweet was hugely successful. But using paid-to-earned media ratios to compare the tweet buzz with the TV spot buzz reveals what's really driving customer engagement and marketing efficiency.

**Owned-to-Earned Media Ratio**

\[
\frac{\text{earned media impressions}}{\text{owned media impressions}}
\]

An owned-to-earned media ratio lets us evaluate how much buzz is coming from campaigns and programs that live on our owned properties—for instance, a website tool or interactive app that lets people customize a pair of shoes or a messenger bag and then share those designs across social media. In this case, what happens over social media makes up the earned impressions, and the page views associated with the tool or app make up the owned impressions. For instance, if every customer who created a custom shoe on the site shared their design with three friends, the owned-to-earned media ratio for that effort would be 3:1.

Owned-to-earned media ratios are excellent for comparing the effectiveness of campaigns against each other (e.g., the Design Your Own Shoes program had an owned-to-earned media ratio of 3:1 while the same ratio for the Design Your Own Bag program was 1:2). They’re also great for comparing channel effectiveness and helping us decide how to move budget around. If the Design Your
Own Shoes program has an owned-to-earned media ratio of 3:2 on Facebook, but 2:3 on Twitter, we can declare with confidence that Facebook is the better channel for promoting this program.

**The Bottom Line: Marketing Measurement Leadership Is Up for Grabs**

The truth is, most marketers are just plain falling below the mark when it comes to marketing measurement:

- 26% of marketers don’t know which channel delivers the best leads.
- 33% don’t know which channel generates the most revenue.

When it comes to channel effectiveness, it gets worse:

- 88% of marketers think social media ROI is unclear.
- 83% of marketers SEO ROI is unclear.
- 84% think display advertising ROI is unclear.
- 71% think SEM ROI is unclear.

But here’s the good news: Marketing measurement leadership is ours for the taking. With so many getting it wrong, just getting it right puts us in rarified air. When we put forth a measurement framework that is comprehensive and tied to the goals and objectives for the business, we automatically leap to the head of the pack. Embracing a programmatic structure of marketing measurement is an opportunity for differentiation and the chance to outshine our competitors—by a lot.

We need a “new framework” of marketing measurement for the multi-channel era—an approach to marketing analytics that gets us to the metrics that matter and helps us make better decisions. Otherwise, we’re just shooting in the dark and hoping for a hit. If marketing wants a stronger connection to business strategy, growth and profit, we must not only embrace the business side of marketing, we must master it. A marketing analytics framework that fully captures all the marketing metrics that matter is no longer a luxury, it’s an imperative.
ENDNOTES


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ABOUT BECKON

Beckon is omni-channel analytics software for marketing in all its modern complexity. Our software-as-a-service platform integrates messy marketing data and delivers rich dashboards for cross-channel marketing intelligence. Built by marketers for marketers, Beckon is the dashboard to the CMO—industry best-practice analytics and marketing-impact metrics right out of the box for ultra-fast time to marketing value. Beckon serves marketers who want to bring order to chaos, make data-informed optimization decisions, and tell the marketing story in terms of business impact. Find your strength in numbers with Beckon.

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Contact us for a complimentary consultation to find out how Beckon can help you better demonstrate the marketing contribution at your organization.

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