



Digital marketing is now the status quo when it comes to marketing, and while digital channels may not be the most valuable for all businesses, digital can provide the transparency needed to assess and calculate business performance.

The days of digital marketing being the cheap alternative have near-enough vanished; channels have been tried, tested and optimised - with well rehearsed formulas that can boost the prospects of companies.

Today, digital marketing needs to be considered and thought through to ensure each channel contributes to the core commercial goals. More than ever, companies need to be monitoring their Customer Acquisition Cost (CAC), breaking this down throughout the sales funnel and tracking the customer journey to understand the value each interaction contributes to your sales process.



How to understand cost

The cost relates to both the financial and human resources needed to capture a lead and convert to a customer. Cost has traditionally been calculated based on the financial investment made in third party channels either through commission costs, affiliate fees, bidding, pay per click or through flat-rate advertising models.

The monetary value to capture the lead and convert to a paying customer.



Owned, Earned, Paid channels

In a wider digital mix you will need to consider your owned and paid-for channels. Digital marketing provides performance visibility of each channel and marketing partner, tracking each engagement and visitor journey and giving you the insight needed to understand the relevance and value of each marketing investment. When you understand the performance of each channel, you can begin to optimise and improve the return of investment, however there will always be a digital ceiling - particularly where you rely on third-party data and transactional marketing.

To reduce costs and drive performance of higher value channels you'll need to break through the digital ceiling, and diversify your marketing mix. You'll need to look at earned channels to spread your reach and brand messages.





When running a wider marketing programme inclusive of non-digital channels, calculating the cost of acquisition becomes more tricky - calculations need to take into account longer-term brand marketing campaigns as well as the internal/external sales and marketing resources required to secure the customer.

What does it take to secure a sale and how do you measure the cost?

- Commission?
- Bidding?
- Pay Per Click?
- Staff?
- Other advertising?

Which processes need marketing or sales investment? Can you identify the commercial performance of each channel and business process?







Finding out how much sales *really* cost can be very complicated, involving many people, systems and numbers.

Worse still, when you find out the *actual* cost, you might not want to share it! What you believe your target CAC is, and what it actually is are often a long way apart!

You probably know that this needs to be discussed and new ways of doing things agreed with people above you in your organisation. But finding the time, energy and skills to fix the problem can be very difficult! Do you carry on with the status quo or try and fix the problem and cause yourself risk and more stress?!







We know that addressing these issues is hard - but it's worth it!

We help our clients to have a better appreciation of and understand the true cost of marketing lead generation and acquisition. We do this by training and supporting *you* as well as putting better systems in place to get the detail needed to make better decisions.

We know that a lot of businesses aren't doing things properly - and this is the opportunity for you! Rather than be another 'unhealthy' marketer, let's get clear and make you look great in your job!





Are you tracking the right metrics?





If you do it for your health...do you do it for your business?

The importance of digital alignment for an effective sales funnel

Building a full digital infrastructure is required to align all communication channels and deploy integrated multichannel campaigns to maximise the trackability of all communications. You need to consider how you track and monitor engagement through activities like events, conferences, PR and media relations, direct marketing, advertising and influencer engagement.

Think of it as implementing a new healthy living routine: you need the right diet, the physical exercise, mental well-being and nutritional understanding to fully benefit - all of which contribute to performance.

The pandemic has forced many businesses to adopt digital marketing programmes to access their target market - needing to identify the virtual channels where their sales prospects hang out to have the opportunity to engage. However not all businesses and sectors rely on digital marketing channels - but with everything changing, companies need to address their digital twin to not lose opportunities.

Furthermore, a new generation of buyers now rely heavily on self-service, researching and understanding the products before engaging in a direct sales process with a company. This is where a defined sales funnel will enable you to understand and track the stage of each prospect to engage with their current phase of buying.



By understanding your sales funnel and when, where and who engages with the prospect, you can make your calculations most effective by aligning departmental aims to core commercial goals across sales, marketing, ecommerce and customer experience. This allows you to determine clear responsibilities with each department while also calculating the long-term value of each customer for managing retention and upselling.

Easy to track

CPC / CTR

CPA / CPL / CONV. RATE

Most marketing is measured to here!

SALES / REVENUE

ROI / PROFIT

Real time benchmark statistics - how well are you competing in the ad space?

Initial indicators of success based on 'what good needs to look like.' Often guesstimated based on ratios but can be calculated from online stats.

Reliant on information from business intelligence. Could involve one-off or multiple purchases from same customer over a period of time

Only possible by accounting for **all costs** and **all revenue** involved in generating the sale (snapshot in time or lifetime)





How do you drive that cost down?



Events Word of mouth Cold calling Print

Everything has changed, and past habits will take a bit longer to return... so what now?



Tapping into digital channels may be alien to your company, however without the right level of investment you will lack the insight to understand the value it can offer the business. Therefore, it's important to assess historical marketing investments and the performance they provided to the business to understand the realistic level of investment needed.

Let's first take print advertising. Historically it was the most impactful next to billboards, radio and TV, reaching the desired audience through demographically focused publications. Flat rate advertising but with near to no trackability. When you invest your budget, what do you expect to achieve? How do you monitor results? How do you measure effectiveness and performance?

This is when you need to ask yourself what is the purpose of advertising, and how do you set quantifiable KPIs? A marketing manager is lacking the performance visibility of this channel: with digital marketing you can justify investment by the return. The purpose of advertising should be readdressed as a tool for raising awareness through brand association and reaching a wider audience amongst non-digital buyers and those beyond your owned network.

Review past investments & your purpose





Print Advertising Tracking

£65,000 per year Results ???

Consider;

Purpose of advertising

Measurement setting

Attributing Rol





Tradeshow Impact

Large stand 54sqm Branded placement Cost = £120,000 ROI?

Consider;

Purpose of event

Travel, accommodation and staffing costs

Attributing RoI to events

Recording & documenting sales journey

Driving efficiency in investment

Utilising multiple channels



Digital makes things easier to track(?)

Tracking data is great. But what if the wrong data is being tracked? Worse still, what if it is being tracked correctly but then not acted on?

A recent contact came to us wanting to understand why the PPC investment was not delivering growth to the business. While the top level numbers of visits and spend were going up, underneath the top line, things were not rosy.

Our analysis of their systems, data and reporting highlighted huge inefficiencies. Only 14% of their spend was achieving their target cost per acquisition, and a good chunk of this was on their brand which they probably didn't need to bid on in the first place! Most worryingly a third of their budget was spent on phrases that didn't convert once in a year!

Tracking data from top line measures to something more meaningful is where smart companies focus their attention. Understanding a proper cost per acquisition isn't easy, but it is crucial to help make smarter decisions when spending precious budget and resources.



Example

Client X came to us suspecting their marketing investments weren't being spent properly. In the last 12 months they had spent £280k on Google Ads which was broken down as follows:

- £89k / 32% was spent on campaigns that never yielded an MQL conversion based upon the main conversion parameter
- £152k / 54% of the spend was pushed into campaigns over CPA target (sometimes many 100's% over!)
- £39k / 14% of the total spend was spent in a profitable manner

And of the profitable spend on media, a large chunk was based on 'brand' (company & product name) spend which could've converted through natural search anyway.

Things get worse if we then factor the time and effort gone into the sales team of dealing with leads which weren't relevant or poor quality, pushing costs up even further, on top of the marketing person who ran the campaign over the year...

With less £1 in £10 of total marketing budget being spent efficiently, this is a great example of how NOT to run a campaign!





KPIs - getting the commercial goals right

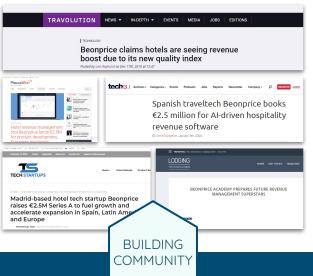
Your goals and targets are essential for building your marketing strategy and selecting the right marketing mix. When you know what engagement you're attracting and how well it is performing, you can begin to look at alternate channels to either tap into a more relevant or niche audience, or spread your net to reach a wider audience that you cannot tap into directly through your existing digital channels.

Third party digital marketing and sponsorship can enable you to reach dedicated communities and targeted buyer audiences. Furthermore media PR can reach beyond your network. Here you will need to ensure you have all your tracking set up, with dedicated URLs and observing performance of organic traffic and search.

In a dedicated PR campaign to raise awareness of a travel app, media coverage reached a potential audience of 112 million, this was tracked by app downloads - recording a 20% uptake in users. The marketing team was able to see the return of investment and begin better calculating the cost of acquisition through brand PR.

Similarly a b2b software provider ran a six-month media PR campaign to drive industry awareness and thought-leadership through a number of business and product announcements, garnering a database of over 2,000 revenue managers worldwide. This company fed the top of the sales funnel through brand PR to begin qualifying leads.







Profile in the UK press, positioning a travel app as the 'go to' travel planning app.

UK audience reach of 112,141,777 Increased UK users of the app +20%. Media drive achieving coverage in lead industry and tech publications.

Further €2m fund-raising
2,000+ revenue managers subscribing
to academy programme

Lost opportunity from misplaced audiences

Well-known accommodation provider ran a campaign targeting 20 - 30 years, while their core target market was 55+



Understanding your audience

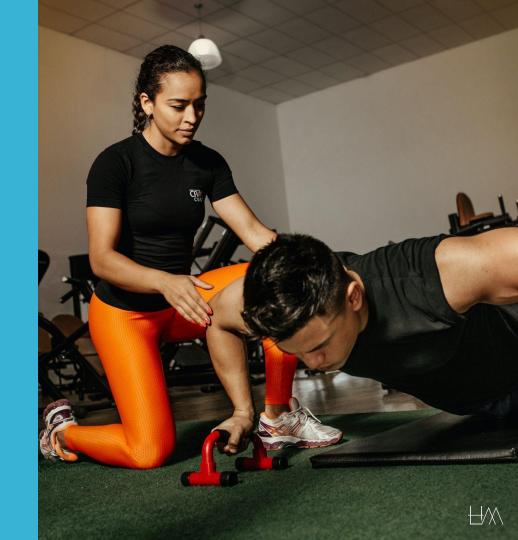
Marketing requires an inherent understanding of the target buyer audience, without which your marketing efforts will experience a lot of leakage. One large holiday accommodation provider ran a digital campaign to increase website traffic and conversions, however the opportunity was lost due to a misplaced audience.

The campaign targeted an audience of 20 - 30 year olds, however the highest value consumer was 60+ audience, which caused friction in the customer journey negatively impacting conversion rates.





Tracking and measuring achievements is all well and good, but having an external mentor / sponsor and support can help you go further





UNRAVELING COSTS

SALES

Meetings & travel
Cold calling
Demo
Customer service

PR

Trade shows Conferences Networking Webinars **EVENTS**

Media
Partners
Resellers
Investors
Street promotions

WEBSITE

Design Development Content SEO, CRM, UX DIGITAL

Sponsorship Advertising PPC Listings **EMAIL**

Newsletters promotions Segmentation

ADVERTISING

Traditional TV, Radio, Print, Magazine Leaflet drops SOCIAL

Content Engagement Experience



Getting on top of your marketing agenda and sales opportunities requires analysis of all activities so you can effectively review channel performance. This is best achieved by identifying the customer journey to create a clear sales funnel. You can then establish the relevant sales touch points involved in the decision making process, and address the purchase barriers while building buyer confidence.



The process of analysing and dissecting your sales funnel can be laborious, often getting messier before it gets clearer. Take the time to understand the sales cycle, where you are experiencing leakage, churn and drop-off, and what adds the highest value to the decision making process. This will come from both data analysis and getting feedback from recent buyers. The more you do it, the more you can categorise contacts and track their engagement the better, clearer understanding you will have.

From here you need to break down the costs and attribution of each activity, reviewing both channel and people performance to understand what it takes to make the sale, inclusive of time and financial investment. The more you take into account all business costs, the more you can understand your P&L and what it takes to grow and scale the company, enabling you to build the formula for successful marketing.

Where companies develop the digital marketing and sales process, utilising a good CRM to manage engagement and drive buyers through the sales funnels, free sales teams to focus on higher value opportunities and providing a consultative approach to form stronger, deeper relationships.

For businesses starting their marketing journey, it's important to invest significantly more in the early stages of development, create the digital sales and marketing infrastructure to maximise the long-term investment.





What touchpoints are involved in the process?

Which elements drive the highest value?

What contributes to driving the sales cycle?

Where are you experiencing leakage?

How to track success of your digital marketing channels

Once you have defined your sales funnel and identified your marketing mix, you need to activate your digital channels. Apply the relevant KPIs to attribute to your wider commercial goals, and develop trackability mechanisms.

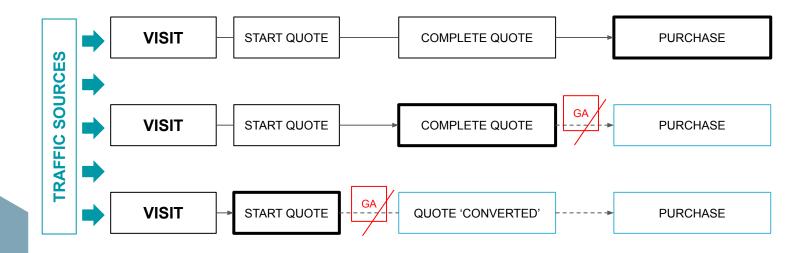




How are you tracking success?

Offline

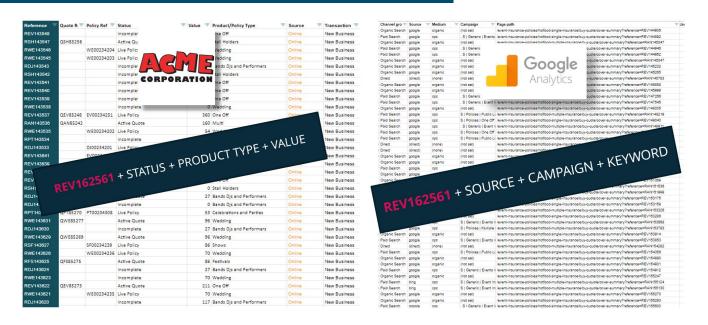
Online (GA)



Three examples are presented here for how leads/sales could be handled. In the first example, quotes are generated and bought online. In the final one, there is no link from quote to sale, causing large inefficiencies in marketing activity as we're not able to tie success back to source.



Linking offline to online



By storing a unique reference ID to online quotes and offline sales, we are able to link revenue back to source and so understand the impact of channel performance, even to a keyword level!

This approach lead to a 42% increase in online revenue generated for one client!



Your competition are doing it wrong - still!

Default Channel Grouping	Users ? ↓	New Users ?	Sessions ?	Bounce Rate	Pages / Session	Avg. Session Duration	Ecommerce Conversion Rate	Transactions	Revenue ?
	123,092 % of Total: 100.00% (123,092)	121,301 % of Total: 100.03% (121,259)	165,588 % of Total: 100.00% (165,588)	57.10% Avg for View: 57.10% (0.00%)	2.49 Avg for View: 2.49 (0.00%)	00:02:13 Avg for View: 00:02:13 (0.00%)	3.78% Avg for View: 3.78% (0.00%)	6,252 % of Total: 100.00% (6,252)	\$254,062.49 % of Total: 100.00% (\$254,062.49)
Organic Search	53,487 (40.83%)	49,758 (41.02%)	66,556 (40.19%)	53.57%	2.31	00:02:27	0.14%	94 (1.50%)	\$3,769.76 (1.48%)
2. Direct	42,495 (32.44%)	42,477 (35.02%)	54,205 (32.73%)	54.85%	3.16	00:02:43	5.41%	2,933 (46.91%)	\$121,524.73 (47.83%)
3. Paid Search	16,007 (12.22%)	14,241 (11.74%)	20,273 (12.24%)	60.19%	2.30	00:01:39	1.86%	377 (6.03%)	\$14,837.15 (5.84%)
4. Referral	7,050 (5.38%)	3,748 (3.09%)	8,867 (5.35%)	40.74%	2.16	00:01:41	31.75%	2,815 (45.03%)	\$112,668.02 (44.35%)
5. Social	5,344 (4.08%)	5,015 (4.13%)	6,023 (3.64%)	80.79%	1.41	00:00:47	0.12%	7 (0.11%)	\$212.88 (0.08%)
6. (Other)	3,364 (2.57%)	3,212 (2.65%)	3,712 (2.24%)	80.12%	1.58	00:00:38	0.70%	26 (0.42%)	\$1,049.94 (0.41%)
7. Display	3,236 (2.47%)	2,847 (2.35%)	5,949 (3.59%)	92.64%	1.12	00:00:22	0.00%	0 (0.00%)	\$0.00 (0.00%
8. Email	3 (0.00%)	3 (0.00%)	3 (0.00%)	100.00%	1.00	00:00:00	0.00%	0 (0.00%)	\$0.00 (0.00%

The number of businesses that do not have their tracking correct is vast! It's a scary fact that in 2021, many businesses can't attribute online sales back to activity. Here, we can see nearly \$250k of revenue isn't tracked properly at all, leaving room for large inefficiencies to creep in. It can take many months to not only correct data collection, but also get value from it to make better decisions.

Think of how much wasted budget that is!



Some journeys are longer than others







Sometimes it takes many visits or interactions to convert. Looking at the last activity and giving it all the credit can often be very wrong. It's worth looking at your typical conversion journey and seeing where the gaps are. Google Analytics doesn't make it easy to understand value across multiple touch points, whereas advanced tools like Ruler Analytics or Hubspot give valuable insights which can be used to increase conversions and reduce wastage.



Making it easy to understand



Graphs

For those wanting visual illustrations of performance.

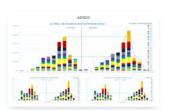


Ranking trends



Tables

For those who love seeing the cold hard facts.



Custom graphs



Forecasts

Setting targets and benchmarks to judge performance.



PDF reports



Campaign splits

Digging into variances in performance by themes.

It's important to make it easy to see and understand marketing performance. Dashboards should be set up to understand everything from the basic top level stats through to month on month performance by channel, by product (or anything important!) to get really into the detail and see how and where efficiencies can be found.





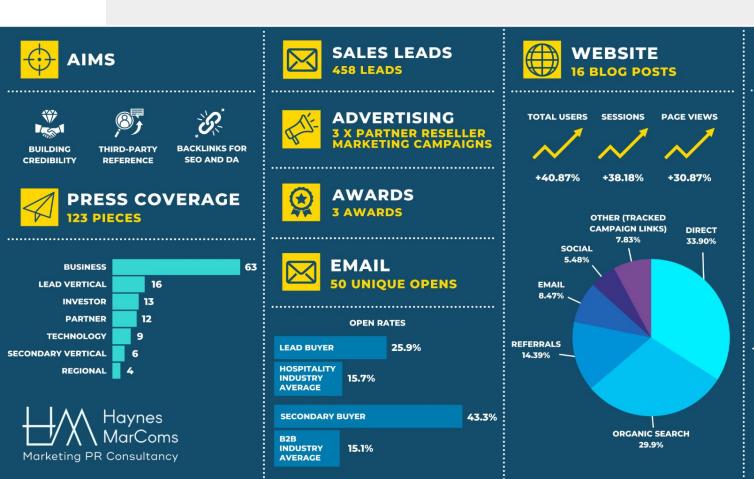
Frequent CAC and performance analysis

It's essential to review performance quarterly and annually, looking at changing patterns of purchasing behaviour and how each channel is contributes to your KPIs. Content, SEO, social media and PR are longer-term strategies compared to PPC and paid-advertising. By reviewing your commercial goals you can assess how each channel has contributed and which offers the best value.

By recording activity and investment made across all your owned, earned and paid channels will provide the visibility needed to identify marketing budgets, build ROI calculations and optimise your Customer Acquistion Costs. Incorporating both people and financial resources will help you make informed decisions on channel investment and skill recruitment to ensure you are investing in the right areas.

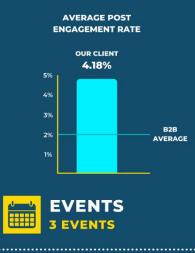


An Example Marketing & Communications Performance Report





SOCIAL MEDIA









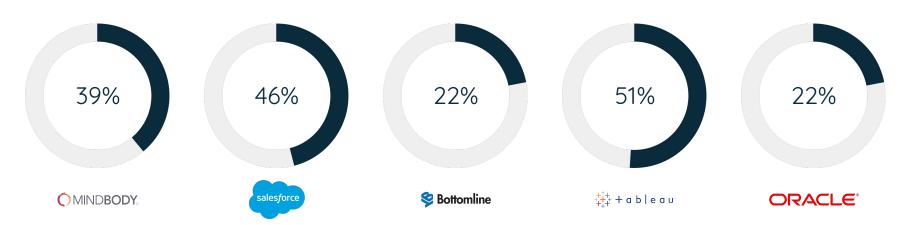


How Should You Define Your Marketing Spend?

When connecting marketing spend with revenue you are able to see the value your sales and marketing channels are generating, but there will be times when you need a bit more investment to see the longer-tail returns.

We do not believe the general promoted rule of spending 2-5% of your sales revenue on marketing is still valid - it is barely enough to handle the administration! High-growth technology businesses spend 25 to 45 percent of revenues on sales, they recognise the importance of brand, on the sales funnel and that buyers spend more quality time making decisions and therefore invest in supporting their decision-making.

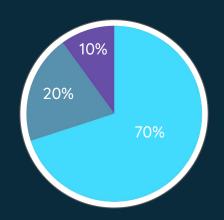
We also advocate the 70-20-10 spend rule...







70-20-10 spend rule



Taking a 70 - 20 - 10 approach split between existing channels, new channels and experimentation will enable you to truly begin building a full hybrid marketing strategy.

Now: 70%

The channels you know work, your bread and butter when it comes to marketing. This is considered low risk, low resource that will continue to slowly generate leads. This may include the likes of email marketing, search marketing, PPC, landing pages optimisation and blogs. You are able to measure and record performance.

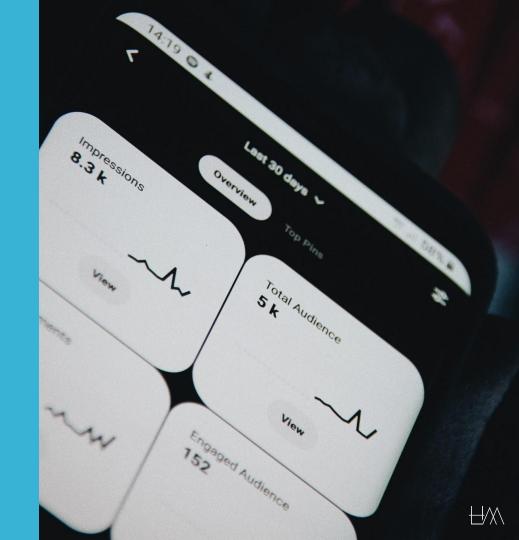
New: 20%

Innovate your existing channels by diversifying the type of content to try new ways to engage with specific audiences. This could include content magnets, social media, PR, advertising where you may not see an immediate return but it lays groundwork for the top of the funnel.

Next: 10%

This is about identifying the channels that could connect you to new audiences which may be considered high-risk yet high-reward. This could include trade shows, delegate conferences, experiential PR or niche/upcoming digital advertising. You'll be both breaking ground for your own business, but potentially also for the industry too.

Track your performance with smart metrics and clear KPIs



Final Thoughts

- Understand your customer journey and your high-value touchpoints
- Dissect your marketing channels to define your sales funnel
- Analyse your expenditure and return by reviewing historical marketing activities
- Attribute sales and marketing performance to develop KPIs
- Set initial CAC targets and begin to optimise
- Just do it!







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