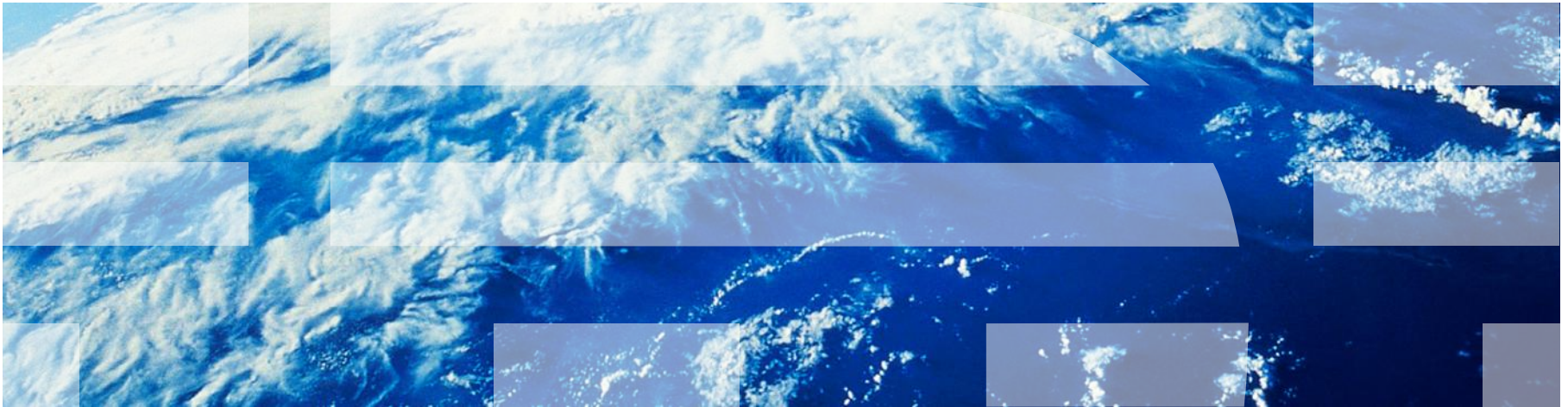




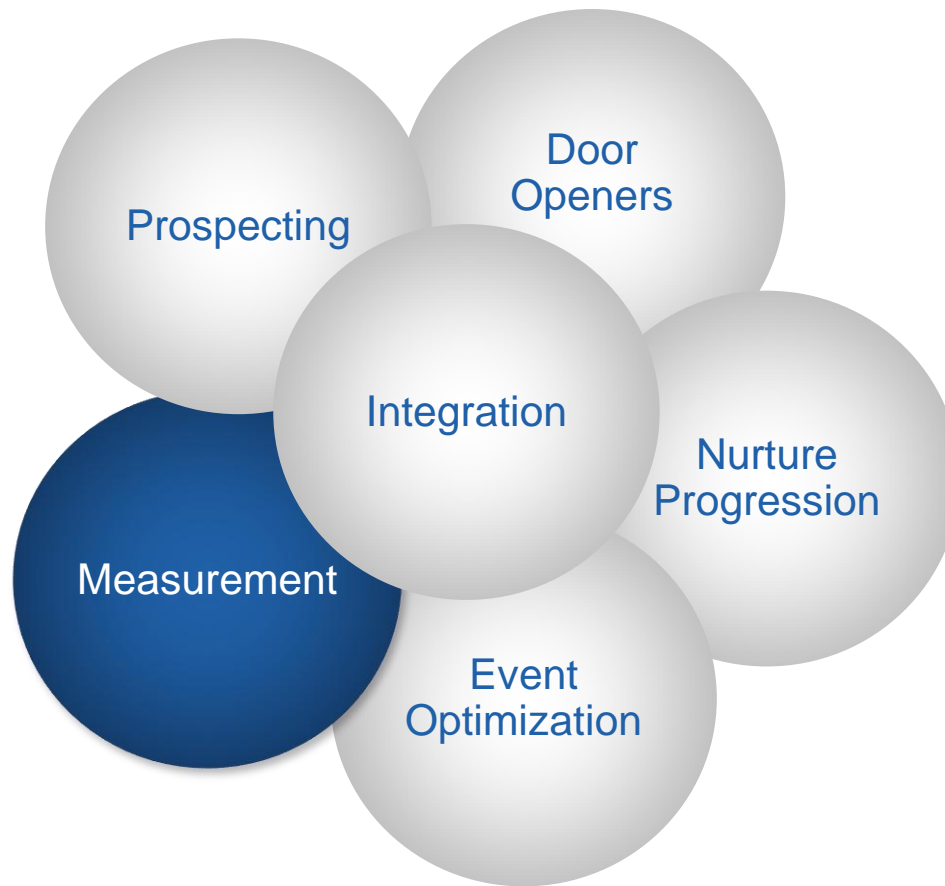
Exclusively for midsize businesses

IBM Midmarket How-To Guides: Measuring Campaign Effectiveness

November 2010



IBM Midmarket How-To Guides: Evolving Our Approach to Effective DG



Objective: Measuring Campaign Effectiveness

With more data and reporting available to marketers than ever before, it is easy to become overwhelmed and uncertain as to which reports and data matter most. This guide will cover how to set up the right measures and complementary reporting to ensure you are gathering and reading the most meaningful data in a timely manner.

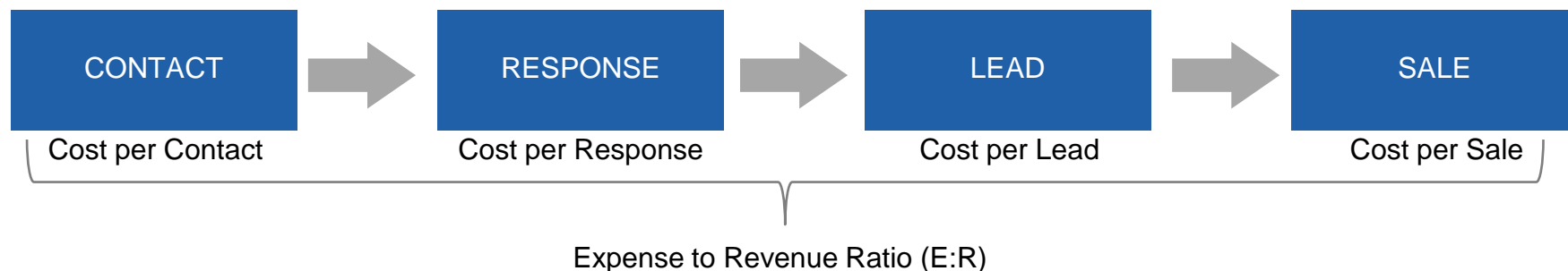
Contents: Measuring Campaign Effectiveness

- Definitions
- Campaign Measurement
 1. Goals
 2. Programs
 3. Plans
 4. Execution
 5. Report
- Best Practice Checklists
- Contacts and Resources

Definitions

To unite our efforts, we must work with a common language for demand generation. As such, we will use these key terms as defined below

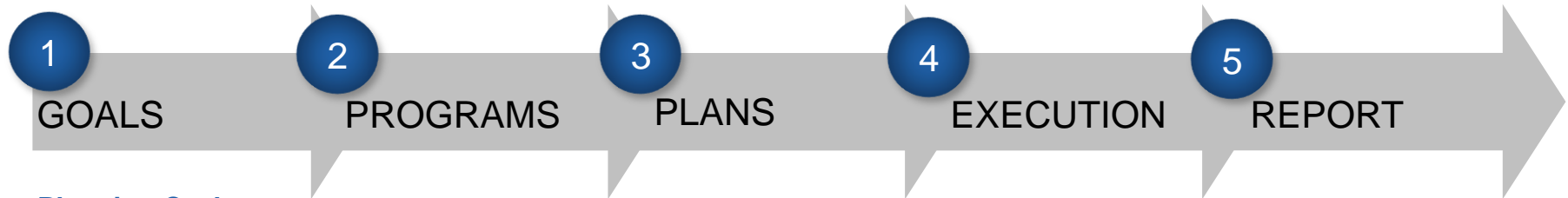
- Campaign Effectiveness: In lead generation, Campaign Effectiveness is how successfully a prospect is progressed along the sales cycle in relationship to spend



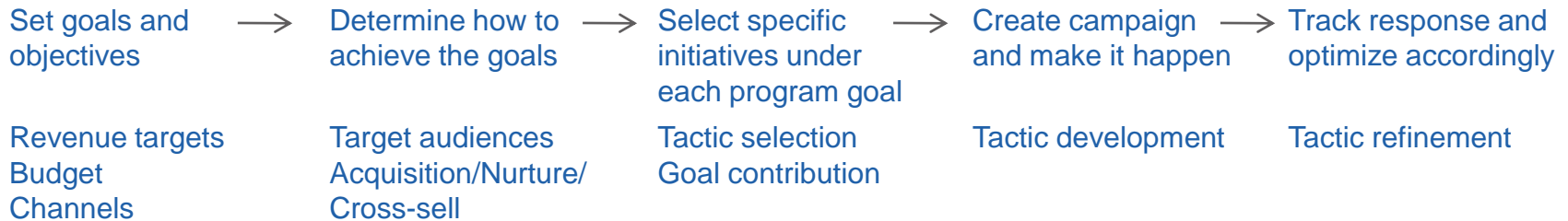
- Key Performance Indicator (KPI): KPI's are activity based metrics providing intermediate measurement of whether a campaign is or is not on track to achieving overall objectives
 - Examples include number of site visitors, event attendees, email click-through rates, eBRC completion rates, etc.

Campaign effectiveness measurement cycle

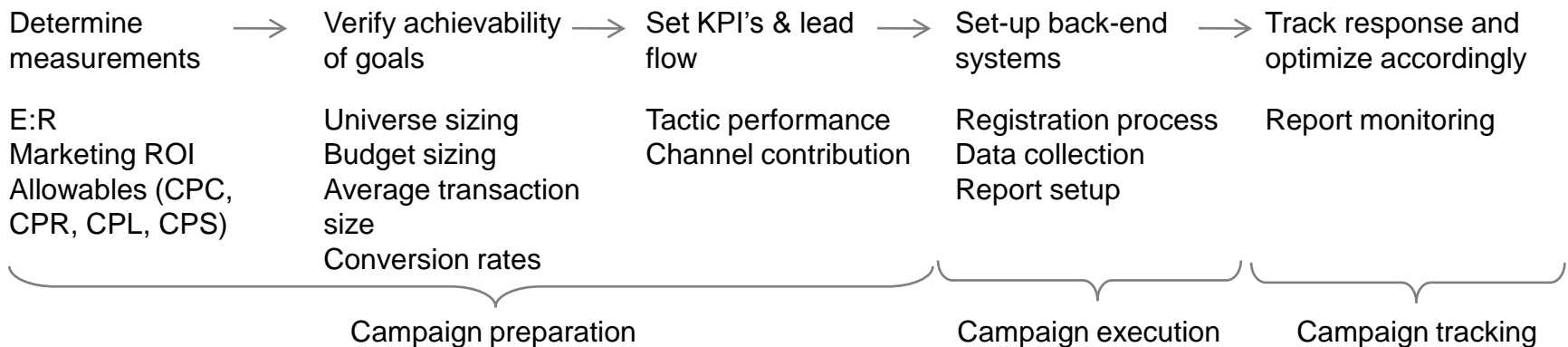
Campaign effectiveness measurement runs parallel to the planning cycle; below shows how measurement plays in each stage of planning



Planning Cycle



Campaign Effectiveness



Campaign Measurement

Goals and Campaign Effectiveness

1 GOALS

Campaign effectiveness is inextricably linked to campaign goals. The measures you care about assess the desired outcome. So while you can measure much more than that, to prevent data overload, focus on the *lead generation effectiveness* measures below:

Effectiveness Measure	Definition/Formula
Cost per Contact (CPC)	How much you can afford to reach a prospect $\text{Total communications budget} \div \text{total contacts} = \text{Cost per contact}$
Cost per Response (CPR)	How much you can afford to spend to generate a response $\text{Total communications budget} \div \text{total responses} = \text{Cost per response}$
Cost per Lead (CPL)	How much you can afford to spend to generate a lead $\text{Total communications budget} \div \text{total leads} = \text{Cost per lead}$
Cost per Sale (CPS)	How much you can afford to spend to generate a sale $\text{Total communications budget} \div \text{total sales} = \text{Cost per sale}$
Expense to Revenue (E:R)	how much you earn compared to how much you have to spend to earn it $\text{Total expense incurred} \div \text{total revenue} = \text{E:R}$
Marketing Return on Investment (MROI)	Revenue generated by Marketing Investment $(\text{Gross margin} - \text{Marketing expense}) \div \text{Marketing expense} = \text{MROI}$

Goals and Campaign Effectiveness: Targeting

1 GOALS

Targeting is part of objective setting, and therefore, a part of measurement. In general, efforts will target one of the audience types below. Campaign objectives and effectiveness measures should be adjusted based on the audience:

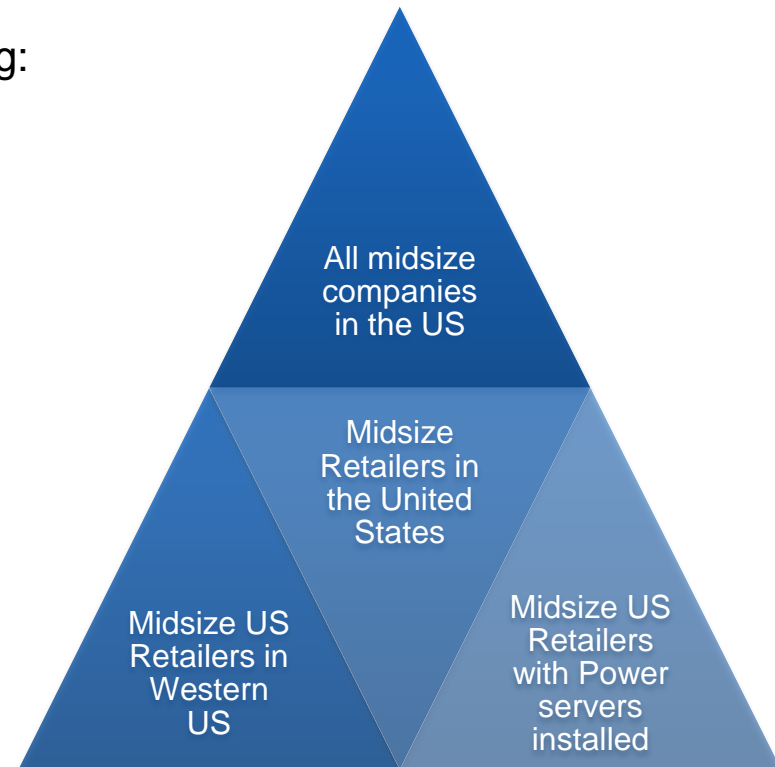
Target Audience	Campaign Objective	Impact on Campaign Effectiveness Measures
Existing Customers	Drive them to do more with IBM and/or IBM Business Partners— <i>like IBM more, buy more IBM, post more positive feedback on the web, etc.</i>	<ul style="list-style-type: none">• Should be more cost efficient due to existing relationship
Existing Leads	Break the stasis, and motivate action —engagement progression could be <i>improved consideration, attending an event, making a purchase, etc.</i>	<ul style="list-style-type: none">• Plan for higher allowables than Existing customers; but more efficient than going after net new leads
New Leads	Make themselves known to IBM or IBM BPs — <i>respond to an IBM or BP overture by downloading a whitepaper, answering a call, clicking through a banner, etc.</i>	<ul style="list-style-type: none">• Allowables should be higher than for Existing Customers or Existing leads, as no relationship with IBM or IBM Partners exists

Goals and Campaign Effectiveness: Targeting

1 GOALS

- Further definition of your target audience, will narrow the focus of your efforts and impact campaign effectiveness measures
- The following can be used to refine targeting:
 - Geography
 - Title (e.g. CFO, Director of Sales)
 - Industry
 - Company Size
 - Product Interest
 - Installed products/services
 - Previous campaign and response history

NOTE: the more narrow your target focus becomes the higher your CPC or CPR will be. However, you should expect lower CPLs and CPS's because of the more qualified audience



e.g.: targeting by geography, company size, industry and installed products

Determining Achievability

The next step in campaign effectiveness is determining the resources required to reach those goals, and whether the goals are in fact achievable. To do this, you will need the following information:

Historical Measure	Definition & Formula
Average response rate	Number of prospects who typically respond to an IBM or BP offer. $(\text{total responders} \div \text{total universe}) = \text{Average response rate}$
Lead conversion rate	The average number of responders that convert to a lead $(\text{total leads} \div \text{total responders}) = \text{lead conversion rate}$
Lead to win conversion rate	Number of leads that typically convert to a win $(\text{total wins} \div \text{total leads}) = \text{Average lead to win rate}$
Campaign Levers	
Universe size	Total known and targetable universe a campaign can reach (impressions, list names, etc.)
Average deal size	Typical amount of revenue generated by a particular type of sale $(\text{Total revenue} \div \text{total sales}) = \text{Average deal size}$
Average sales cycle	Typical amount of time it takes from response to win $(\text{Total days} \div \text{total sales}) = \text{Average sales cycle}$

Determining Achievability

- Using the historical information and levers identified on the previous page, determine if the objective is achievability by answering three questions:

- Is the targetable universe sufficient to reach revenue goal?

$$\text{Available universe} \times \text{Average deal size} = \text{Total potential revenue}$$

How does the product of the equation compare to Revenue goal?

Higher

Equal

Lower

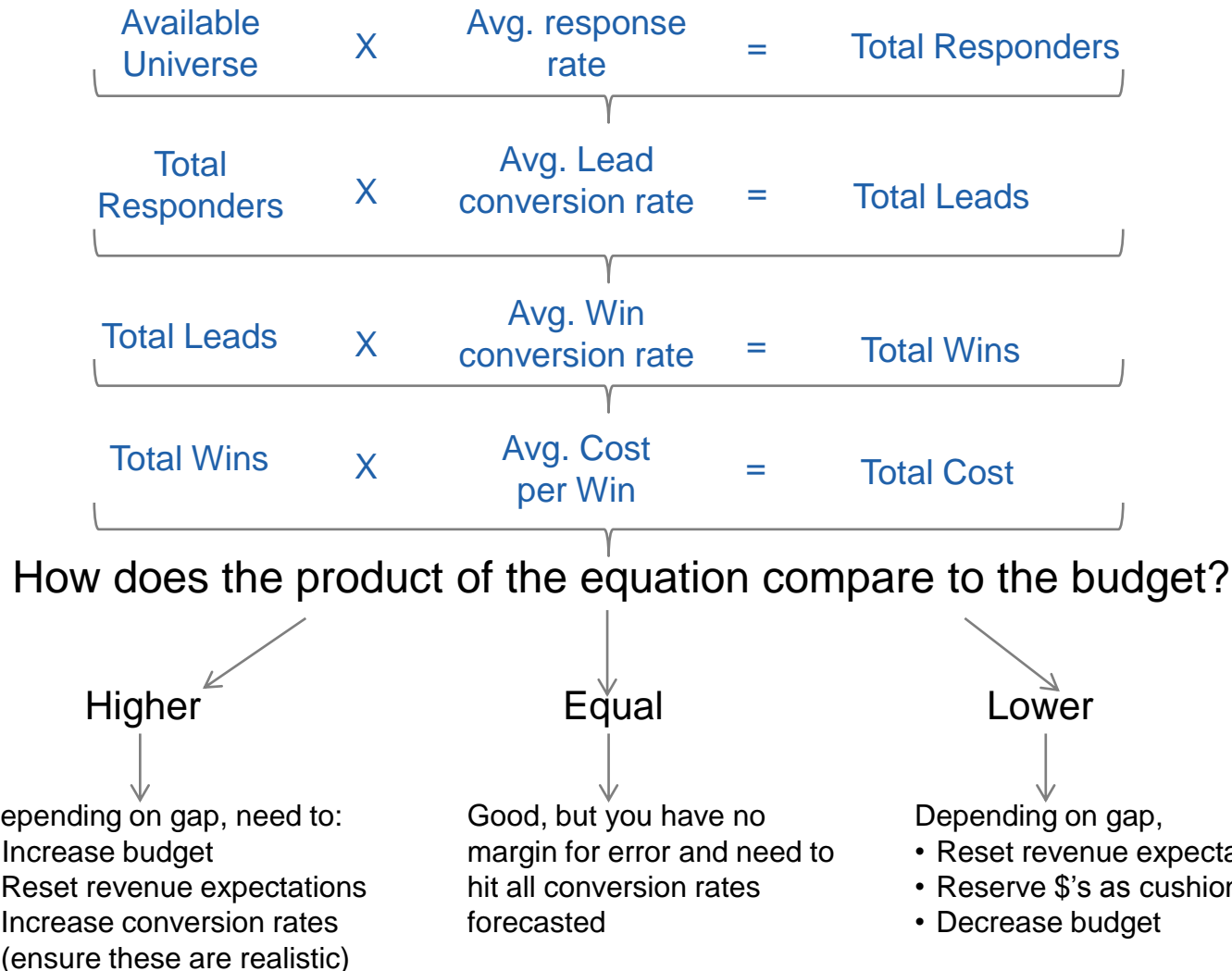
Achievable depending on margin between potential revenue and goal revenue

Need to reassess Target, Average deal size or Revenue goal, as 100% conversion of universe to total sales is highly improbable

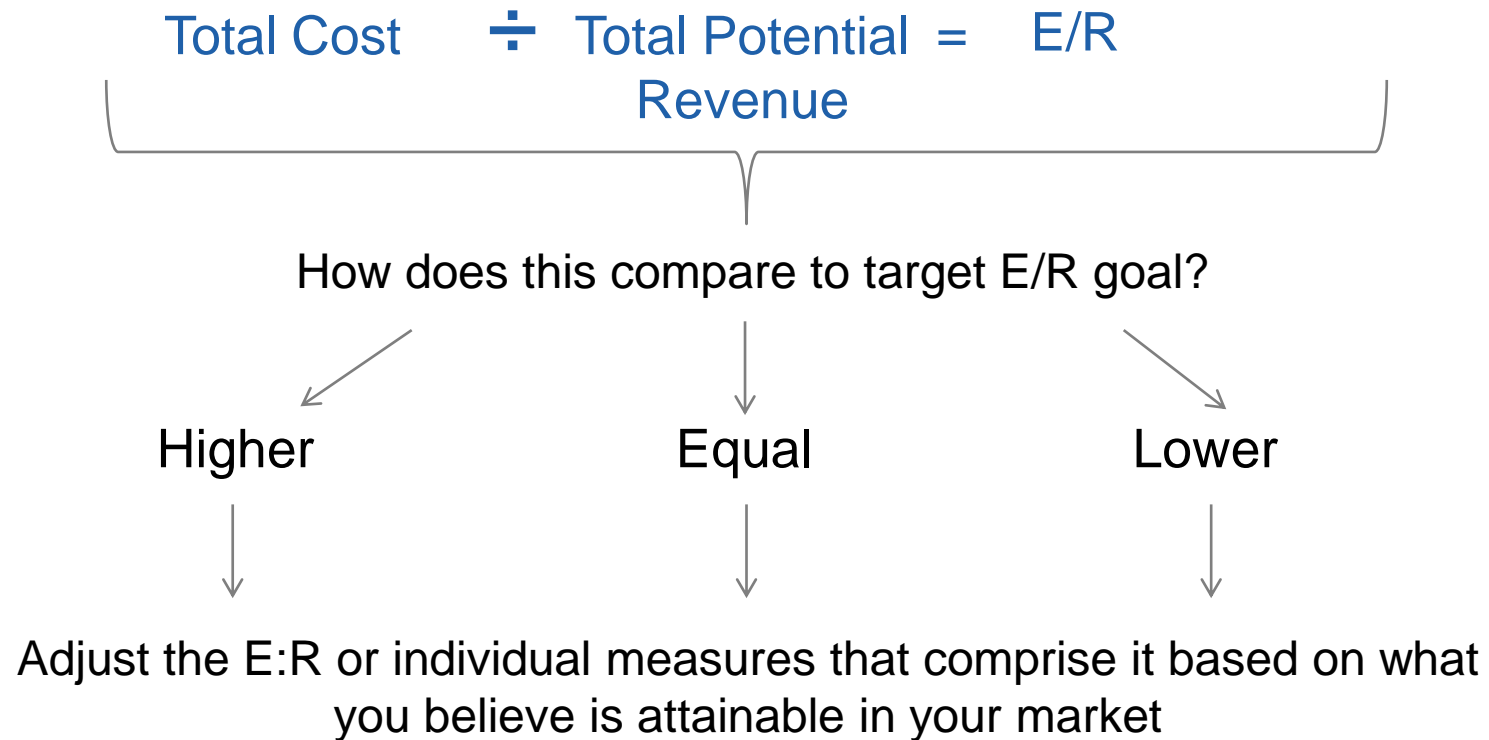
Need to reassess Revenue goal, as changing the target audience and deal size will not result in a realistic revenue result

Determining Achievability

2. Is budget sufficient to reach revenue goal?

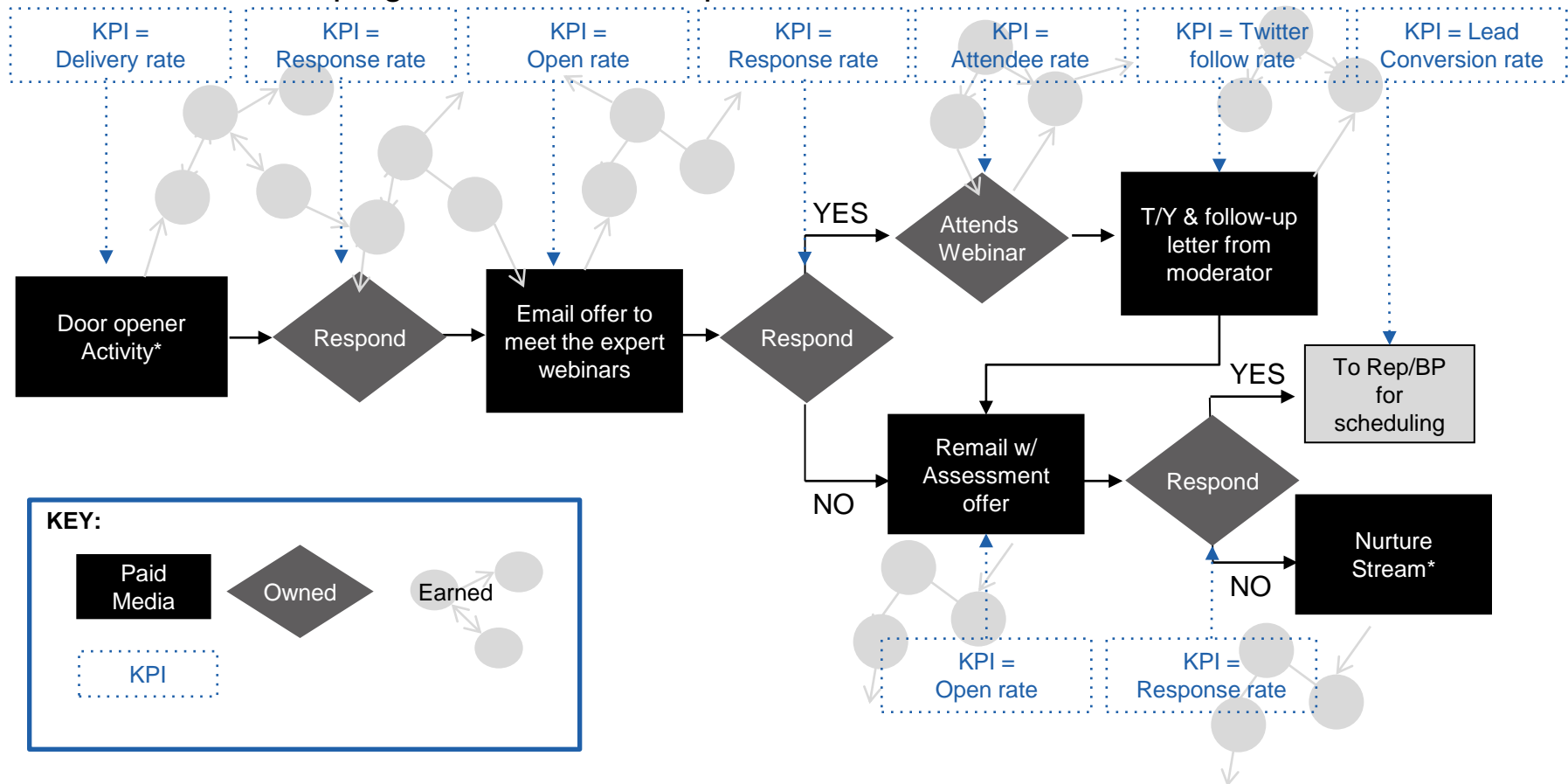


3. Is the E:R measure viable given the budget and revenue forecasts



Deciding How Efforts Will Contribute Towards Goal

Every campaign is composed of a mix of tactics which contribute towards achievement of total goal. Figuring out what each tactic delivers and when, is how you will assign KPI's and measurement campaign health. See sample communication stream below:



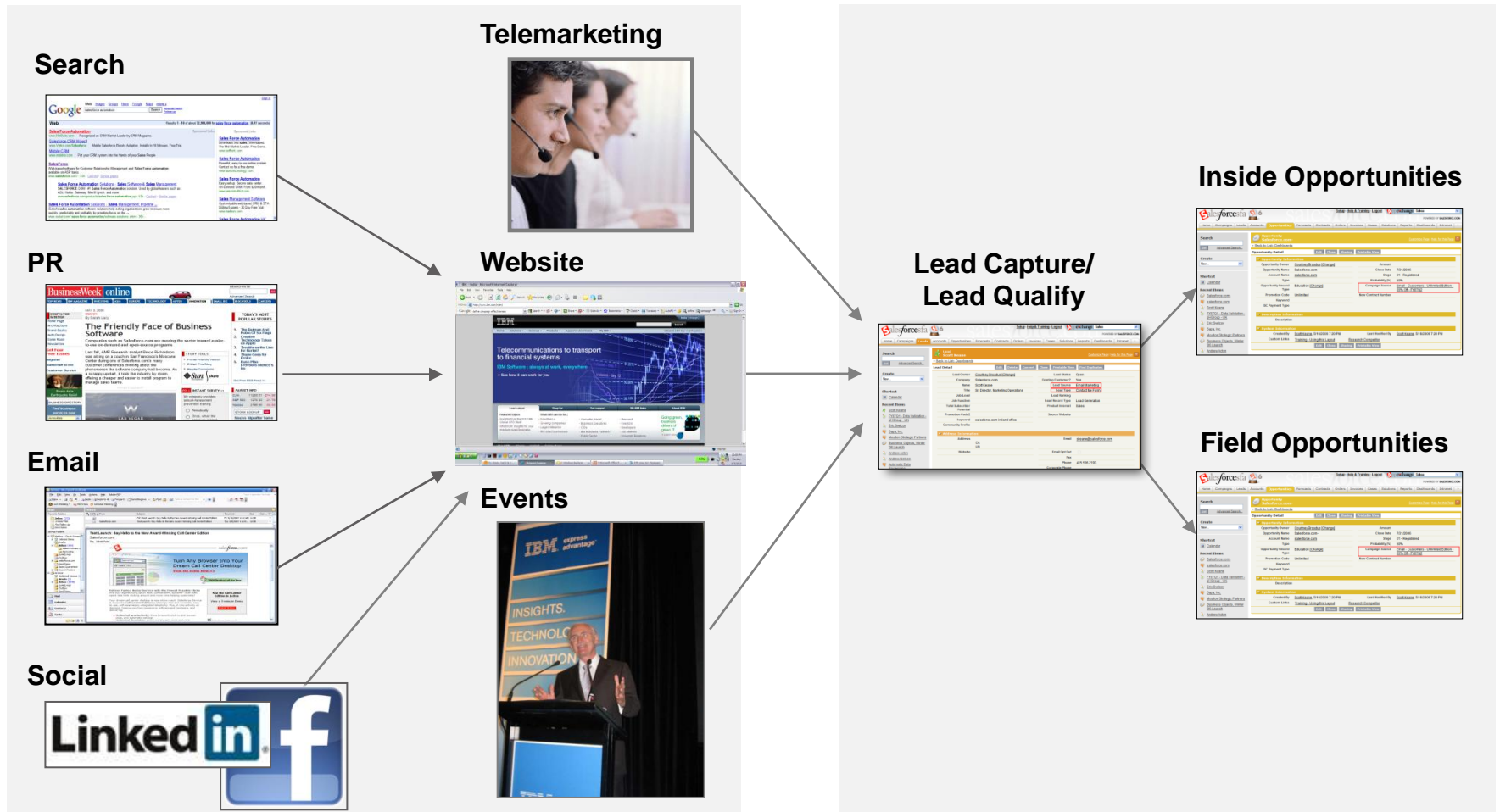
KPI Setting & Measurement

3 PLANS

KPI's need to be set for both campaign tactics and lead flow

Tactics




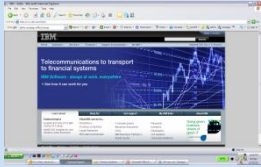



Lead Flow



Sample Demand Generation Tactical KPI's

3 PLANS

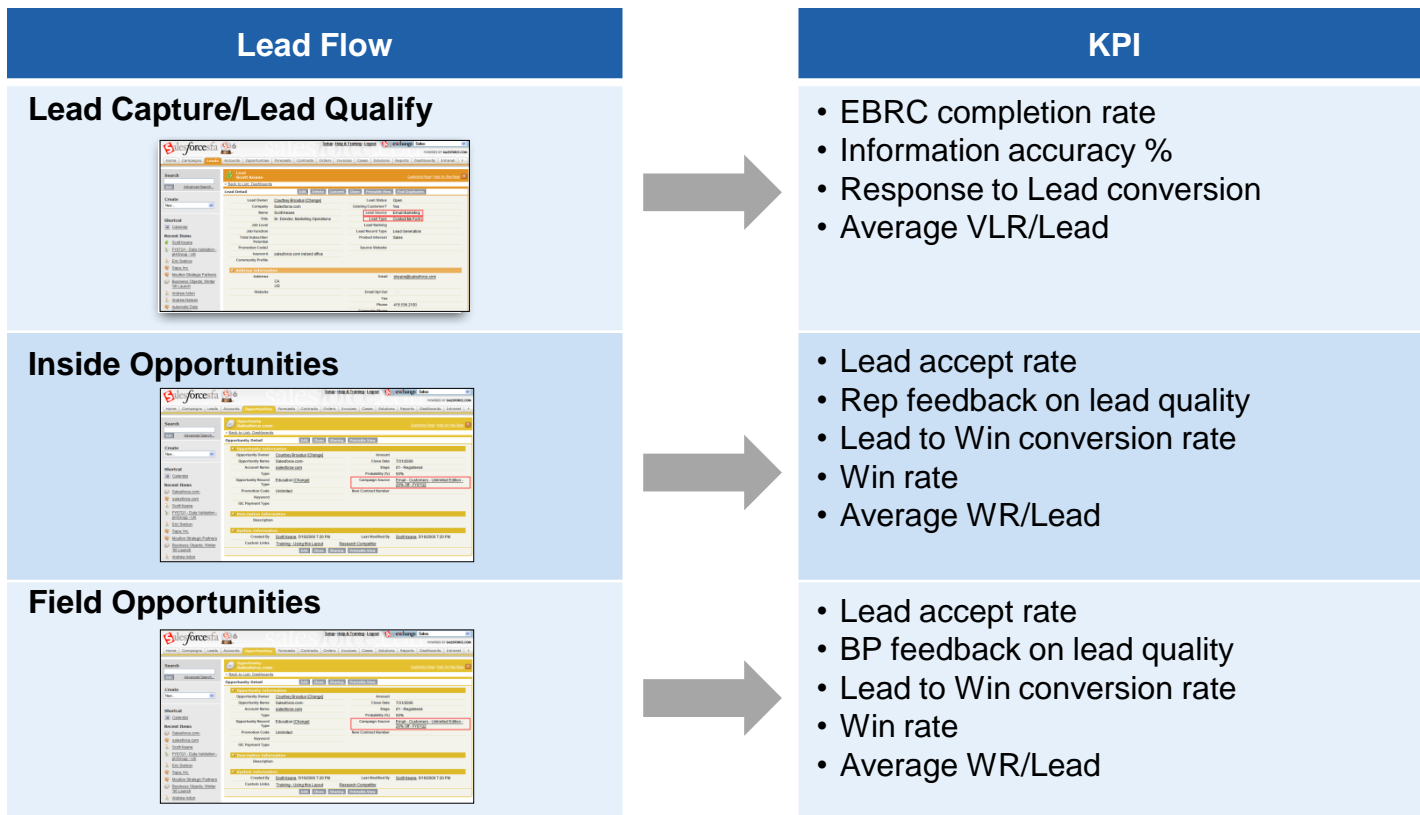
KPI's may vary by tactic type. Ensure you are setting the right KPI's for your campaigns. See chart below for some examples:

Tactic	KPI	Tactic	KPI
Search 	<ul style="list-style-type: none"> Click-through rate Key-word rank Budget 	Telemarketing 	<ul style="list-style-type: none"> Completed calls Average call length Average Cost per call Lead qualification rate
PR 	<ul style="list-style-type: none"> Pick-up by key publications, blogs, etc. Industry press mentions Mainstream press mentions 	Website 	<ul style="list-style-type: none"> Unique visitors Repeat visitors Average Page views Average time on site Registrations
Email 	<ul style="list-style-type: none"> Deliverable rate Open rate Click through rate Opt-out rate 	Events 	<ul style="list-style-type: none"> # of invitations # of responders # of registrants # of attendees Evaluation forms
Social 	<ul style="list-style-type: none"> Posts Re-tweets Comments Views Shares 		

Sample Demand Generation Lead Flow KPI's

3 PLANS

Use KPI's to track performance and assess strengths and weaknesses of the lead flow process. KPI's are important at this stage because the lead is (or is not) progressing towards a sale, and most likely there is personal interaction with the prospect. It is critical to monitor and optimize the system to ensure campaign success



Quantifying Social Media ROI

- Social media performance is measured differently than much other media. However, there are ways to quantify its impact. If you are executing social media efforts in your IMT, consider some of the following free tools to assist you:
 - AideRSS allows you to enter a feed URL and returns statistics about its posts, including which are the most popular based on how many times they are shared on a variety of social networking sites (Google, Digg, Del.icio.us)
 - Google Analytics and Feedburner are essential, free tools to help analyze company blog traffic, subscriber count, keyword optimization and additional trends
 - Xinu is a website where you can type in a URL and receive a load of useful statistics ranging from search engine optimization (SEO) to social bookmarking and more
- In addition, look at how many people join your social network (or become your connection) in a given period of time, how much activity there is in your forum or what the click-through rate is to your product pages from any of these platforms that result in direct sales

Back-end Tracking and Reporting

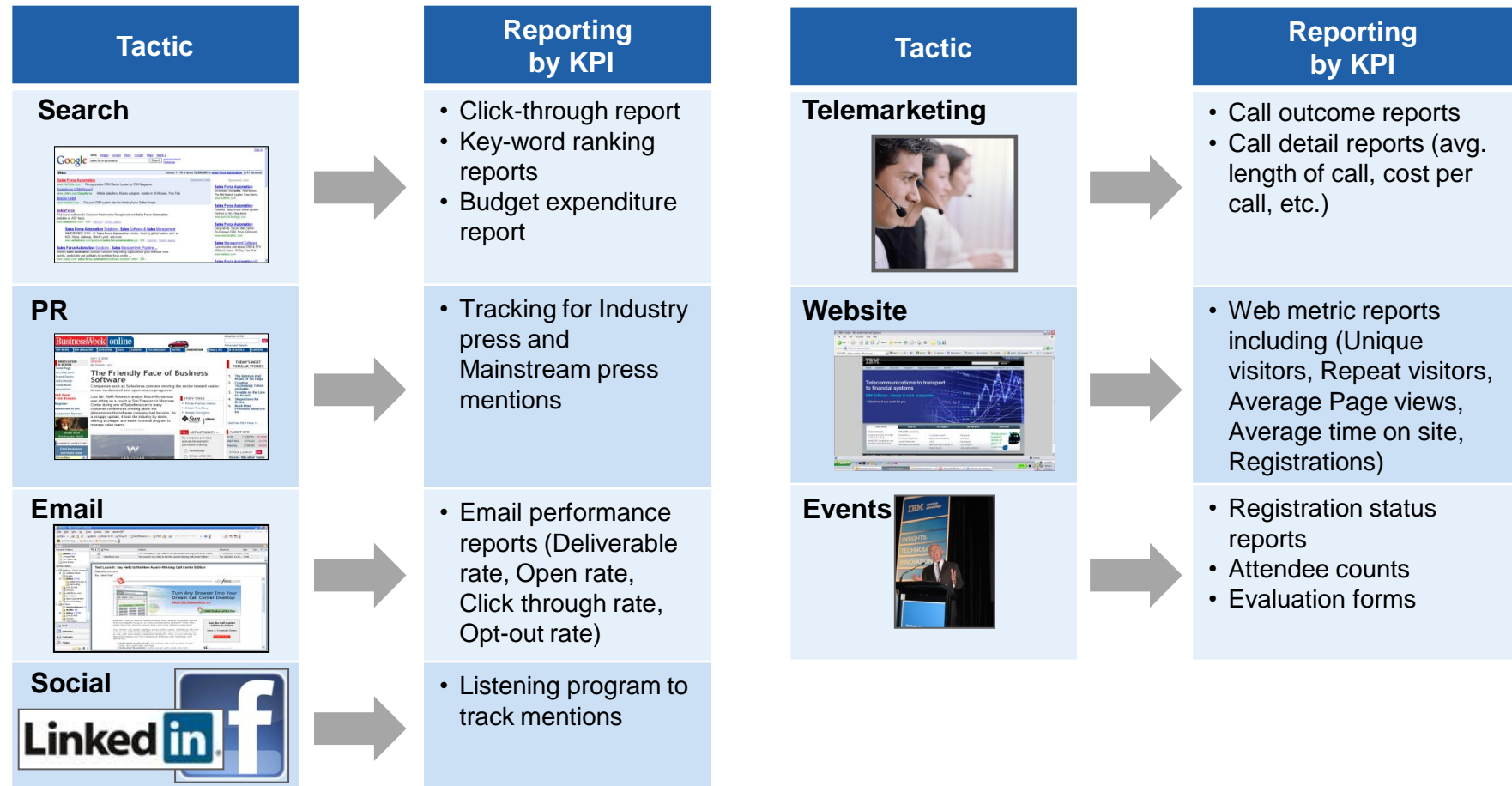
In companion to creative development, determine where tactic calls-to-action will drive, and how offers will be fulfilled. When establishing your campaigns, consider each of the following questions:

Backend Requirement	Setup Need
• What is the call-to-action destination?	• Phone, web, both?
• What does the prospect need to provide in exchange for the offer?	• Name, email, phone, title, etc.
• How will the offer be fulfilled?	• Download from a webpage? Email? Mail? In person? At an event? Mobile?
• Where will the resulting data capture be housed?	• Siebel? Unica? Other database?
• How will campaign performance be tracked?	• Tracking Code? Unique phone numbers? Personalized URL?
• When will the data need to be reported?	• Hourly? Daily? Weekly? Monthly?
• How will it be reported?	• Reports to be run? Dashboards?
• Who needs to see what information when?	• Project owner? Supervisors? Agency? Email? FTP'ed, review call?

Tracking and Reporting on KPI's

4 EXECUTION

As stated before in this guidance, KPI's vary by tactic type, therefore, ensure tracking and reporting mechanisms for the KPI's you select are in place. See sampling below



Campaign Effectiveness Tracking for IBM

The following reports are available for Worldwide and IMT teams to access and monitor campaign performance:

Report	How to Use
Executive reports	<ul style="list-style-type: none">• Utilize the weekly midmarket performance report sent by Ed Abrams• Filter out the various views for your IMT/ Geography
Segmentation reports	<ul style="list-style-type: none">• Select campaign performance reports created in your IMT filtered by program profiles or brands
Marketing analysis reports	<ul style="list-style-type: none">• Analyze the campaign distribution by execution element or program activity• Pipeline analysis for campaigns in current quarter and next quarter• Customize some reports for calculating ROI of campaigns
Sales reports	<ul style="list-style-type: none">• To identify the campaigns at various stages of pipeline• Analyze the conversion rate from validated to win

Campaign Effectiveness Tracking for IBM (cont'd)

- Within IBM you have access to campaign performance dashboards enabling you to find:
 - New leads this month
 - Top 5 campaigns with maximum contribution to the win revenue this month
 - Top 5 campaigns with lowest E:R this quarter
 - Worst 5 campaign with highest E:R this quarter with reasons
 - Campaign distribution chart by Execution element
 - Campaign distribution chart by budget allocated

Best Practice Checklists

Best Practice Checklists

- Because Campaign effectiveness is dependent on good tactical hygiene, we recommend running marketing campaigns through the following series of checks prior to deployment



Define your goals and objectives



Define target audience



Define marketing programs and tactics



Define metrics for evaluating campaigns

Best Practice Checklists



While defining metrics for evaluating performance, list down the measurement tool to be used



Collect responses from all tactics and monitor lead progression



Calculate lead conversion at every pipeline stage to ensure focus on each type of lead and reasons behind winning or losing



Identify reports to be used for evaluating performance. Some would be standard reports and some would be customized for your specific campaign

Best Practice Checklists



Share performance reports with global executives and local teams to keep everyone in sync with the campaign status



Select few metrics based on the objective of the campaign and target a threshold value to achieve.
For ex.: E:R should not be more than 5%



At the end of every month, with the help of reports, you can identify which campaigns are doing good and which are lagging



Do a deep dive for lagging campaigns which then allows you to take corrective action for future campaigns NOW

Contacts and Resources for Measuring Campaign Effectiveness

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Thank You