The 16 Marketing KPIs You *Should* Be Measuring

(but probably aren't)

a product of the minds @ vital.

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NUMBER ONE

Sales Growth

At the end of the day,

the best way to judge your marketing's success is by measuring its growth in sales revenue. Fair warning—to do this you must have a strong stomach.

Once you start measuring your marketing's effect on sales growth, it will initially take some adjusting to weed out the marketing that does drive sales. Measuring your sales growth is, however, vital to the long-term health of your company. Not only does it serve as a good indicator when it comes to strategic planning, but it also allows for identification of growth trends.

Don't be shy in sharing your sales revenue with your employees as well. This often instills a level of ownership with your workforce and reinforces that everyone is in the same boat navigating toward the same end goals.

NUMBER TWO

Leads

It's simple math.

The more leads you get the more sales opportunities you have and the more sales opportunities you have the better your chances of sales growth.

The importance of leads to a marketing and sales department is comparable to the importance of something like gasoline to an automobile—**it's what drives them.**

Not all leads are created equal however. Be sure you're familiar with the difference between Marketing Qualified Leads (MQLs) and Sales Qualified Leads (SQLs). These are simply different lifecycle stages of the same lead.

A marketing qualified lead (MQL) is a lead judged more likely to become a customer compared to other leads based on lead intelligence. MQLs are those people who have raised their hands (say by downloading an eBook or whitepaper) and identified themselves as more deeply engaged, sales-ready contacts than your usual leads, but who have not yet become fully fledged opportunities (source).

A sales qualified lead (SQL) is one that your sales team has accepted as worthy of a direct sales follow up (source). SQLs on the other hand have been vetted much further and indicate a prospect that is ready to make a decision.

Understanding the synergy between both MQLs and SQLs is vital toward understanding your company's Leads to Close ratio—which is the number of leads you've received over a specific period of time divided by the actual amount of leads you've closed.

NUMBER THREE

Lifetime Value of a Customer (LTV)

What is your customer worth to your business over the lifetime of your relationship? Any idea? Hello? Bueller?

The idea of determining just how much your customers are worth to you may seem a bit daunting. However, that's no excuse not to know it. This KPI is a great way to gauge your company's ROI, and it's a wonderful figure to help strategize future business goals. While not exact, determining the lifetime value of a customer involves figuring out all the sales your average customer has initiated over the course of your relationship.

Need help calculating LTV? Let's breakdown the key components: revenue and gross margin.

Revenue

the money a company receives during a particular financial period. Revenue is calculated by multiplying the price at which goods or services are sold by the number of units or amount sold. Total revenue or sales is not the same as profit.

Gross Margin

represents the percentage of total sales revenue that a company keeps as gross profit after deducting the costs directly related to producing the goods or services sold. You can calculate gross margin by subtracting the cost of goods sold from the total sales revenue, and then divide by the total net sales. For example, a company with a gross margin of 40 percent retains $0.40 for every dollar of revenue it receives. You can calculate gross margin not only for your whole company, but also for each product line, which is where this figure is especially valuable.

Example

Let's say you're a B2B company and you sell industrial equipment to other businesses. Let's say your company sells an industrial strength dryer for $20,000. The revenue on the sale of the dryer is $20,000. However, your gross margin on that product is 35%. Now let's assume this is a one time purchase and it's not likely the customer will buy, anything else from you ever again.

The lifetime value of this customer would be:

$20,000 (REVENUE) x 35% (GROSS MARGIN) = $7,000

However, in the scenario where repeat purchases are typical this calculation changes.

Let's say we're in the situation outlined above, selling industrial strength dryers for $20,000 a pop. Now let's assume that in the customer's lifetime they will buy on average five dryers.

The lifetime value of this customer would be:

$20,000 (REVENUE) x 35% (GROSS MARGIN) = $7,000

x 5

$35,000

NUMBER FOUR

Cost of Customer Acquisition (COCA)

The cost of customer acquisition is the cost associated in convincing a prospective customer to buy your company's product or service.

For example, let's say you spent $200,000 on sales and marketing in a month and closed 20 new customers that month, then your COCA would be $10,000.

Once you have your COCA figured out, you can set goals for how many new customers you want to acquire in a year and then allocate your marketing budget appropriately.

How to calculate the cost of customer acquisition

Total Marketing Investment / # of Customers Acquired

NUMBER FIVE

Sales Team Response Time

In general, B2B leads receive staggeringly slow responses from sales teams.

In fact a lead response study of 2,241 US companies found that the average first response time of B2B companies to their leads was 42 hours!

This is a problem because the quality of a lead degrades over time. This research found:

> “The odds of making a successful contact with a lead are 100 times greater when a contact attempt occurs within 5 minutes, compared to 30 minutes after the lead was submitted.”

So the question is: How fast does your sales team respond to leads?

And how fast does your competition’s sales team respond to leads? Once you’ve measured this KPI, you can then go about improving it.

NUMBER SIX

Website Traffic to Website Lead Ratio

This is pretty straightforward.

Of all your website visitors, how many of them convert and become leads? This KPI is helpful for measuring two things:

The quality of your websites traffic

The conversion rate of your website

What is important here is to get a baseline, what is this ratio currently?

And what can you do to improve it? Many times, focusing on improving the website’s conversion rate is an easy way to improve this ratio.

NUMBER SEVEN

Website Lead to Marketing Qualified Lead (MQL) Ratio

Of all the website leads generated, how many get promoted to MQL status?

This metric will help you understand the quality of the leads your marketing is generating. Do you have a low ratio where very few of your leads ever become marketing qualified? If so, you should probably look at the quality of your website traffic.

NUMBER EIGHT

MQL to SQL Ratio

Of all your MQL's, how many get promoted to SQL status?

This metric looks at the cooperation between the marketing team and the sales team.

If there is clear communication and understanding between these two teams, you can expect this ratio to be high.

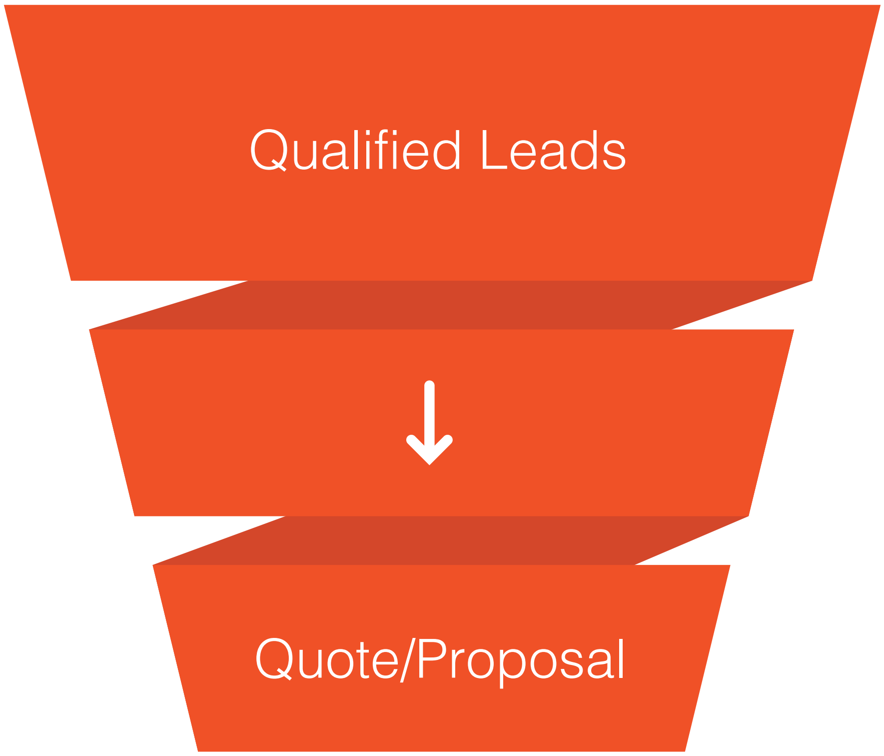
However, there is typically a disconnect between these teams leading to disagreement as to the quality of the leads marketing is generating or the attention they get once sales has them. It might be the case that marketing is generating a ton of leads but sales is not working them resulting in a low MQL to SQL ratio. You of course will not know any of this if you are not measuring this KPI.

NUMBER NINE

SQL to Quote Ratio

This KPI is a direct reflection of the sales team's ability to move qualified leads down the funnel to the quote/ proposal stage.

Why do some make it, and some don't? There are a lot of factors that determine whether or not an SQL gets quoted (timeline, budget, competition, customization, etc.), and it will be important to understand and study those factors in order to have better control over them.



NUMBER TEN

Quoted to Closed Customer Ratio

Basically, this is your sales team's close ratio.

Of all the prospects your sales team quotes, how many end up closing and becoming a customer? Is this ratio higher or lower than last year? Why? What can you do to improve it?

NUMBER ELEVEN

Website Traffic

These are the people visiting your site.

They are the potential leads that turn into potential customers. Why wouldn't you want to know more about them?

Getting to know your website traffic is about finding out who these people are, where they're from and what they did once they got to your site.

All of this information can help you determine one all important piece of information: what it is they want from you. Knowing this helps you anticipate and anticipating your potential customers needs is what marketing is all about.

Website traffic is probably too generic of a term however. The idea of website traffic consists of many things—all of which are highly measurable and heavily related to engagement.

They include:

- ✓ Sessions
- ✓ Users
- ✓ Page views
- ✓ Page per Session
- ✓ Average Session Duration
- ✓ Bounce Rate

NUMBER TWELVE

Social Media Reach and Engagement

Your social media strategy is a huge part of your inbound marketing efforts

because it allows you to distribute your content and interact with your current and potential customers. *But you already knew that didn't you?*

A good way to judge this KPI is to track your growth

(think followers on Twitter and Likes on Facebook). Both social media sites have built in tracking and analysis that makes it incredibly easy to get this information when needed. You can also track engagement through metrics that determine lead conversions, customer conversions and percentage of web traffic associated with your social media efforts. And remember, not all social media will work for your business, so be sure to track the ones that really matter to you and your customer.

NUMBER THIRTEEN

Email Marketing Performance

Your email marketing strategy is essentially your lifeline to your customer, aside from social media of course.

As such, every email marketing campaign should be judged, analyzed, judged again and further analyzed. Analyzing your email marketing strategy is multifaceted however, and includes it's own set of KPIs that should be dissected each on their own merits.

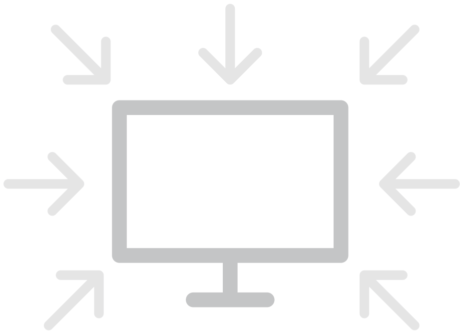
Examples Inlcude

- Delivery Rate
- Unsubscribe Rate
- Open Rate
- Click Through Rate
- Conversion Rate
- Forward/Shares

NUMBER FOURTEEN

Inbound Link Building

Link building should be a cornerstone of your SEO strategy.



Getting to know your website traffic is about finding out who these people are, where they're from and what they did once they got to your site.

When someone links to your website it means you're building your street cred within your given industry. This is a good thing, because the more people that link to your site as an authority the better your search rankings and the more traffic your website will receive.

Not all inbound links are good links, however. You want quality links from other reputable industry sources. The name of the game here is followed linking root domains—you want links that Google actually follows (though there is also value in no-follow links). Need help measuring link acquisition and your site's overall link profile? Try out MOZ.

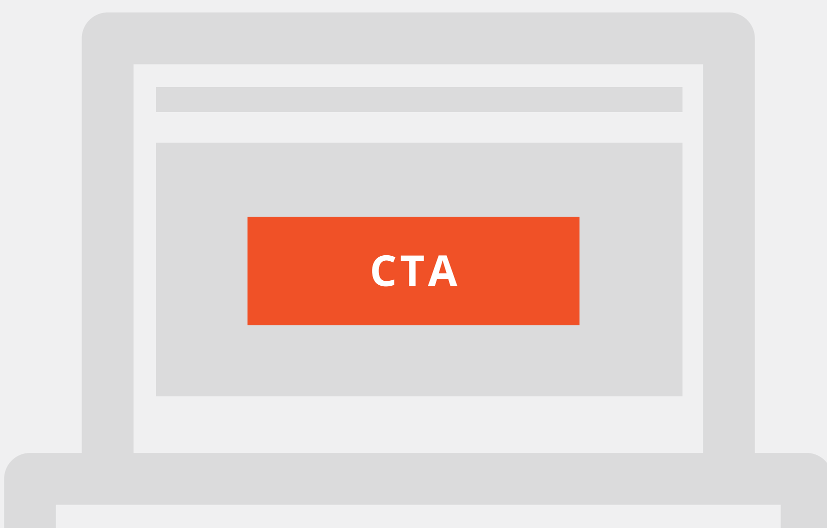
NUMBER FIFTEEN

Landing Page Conversions

If the landing pages on your website are not drawing people in and converting them then you’re essentially dead in the water.

A good way to judge whether or not your landing pages are working for you is to assess the amount of people who visit them and whether your CTAs are converting them.

Landing pages are constructed exclusively to guide website visitors into a conversion. But if the content on your landing page stinks, and is not properly SEO’d, then these people won’t end up sticking around and your conversion rate will suffer.



NUMBER SIXTEEN

Blog Post Visits

Knowing the performance of your blog posts is a good way to gauge what your customers like to read and don't like to read, as well as when they like to read.

This as a result builds your brand equity and allows you an opportunity to further create your content around what your customers want and need.

Listen, your blog posts should be a major contributor to website traffic. We consider blog posts to be a traffic-driving tactic. This means that it should bring traffic to your website in two ways. The first is via distribution when it is published on social media platforms and when it is emailed out to your email list. The second is that it should rank in search engines for your target keywords.

And remember, while frequency of content is important, the length and overall quality of the content you're putting on your blog is vitally important. A lot of companies have no problem starting a blog. Maintaining it is the hard part. Do your best to stay active with your content and your blog performance will prosper as a result.

Conclusion

Tracking your Marketing KPIs can help validate everything you do as a marketing professional—no matter if you work in the B2C or B2B world. And thanks to the countless tracking tools available, businesses have more opportunity for transparency in their marketing efforts than ever before.

Get to know your marketing failures and fix them. Get to know your marketing successes and share them with your bosses.