HOW TO USE MARKETING AND SALES ANALYTICS TO **DRIVE RETURN ON INVESTMENT**

PUBLISHED BY Maximizer® CRM

INTRODUCTION

Marketing and sales analytics are vital to any inbound marketing strategy, as they arm businesses with significant decision-making firepower. Modern technology has created a complicated communications landscape, providing data that can be mined to expose a vast array of insights into customer needs and behaviours. Incorporating analytics into the Sales and Marketing functions is growing in popularity, with many businesses striving to get the most for their money by maximizing impact.

Marketing and sales analytics involves the collection of data from across all marketing channels and consolidating it to paint a clear view of a company's marketing initiatives – what is working, with who, and why. To gain a full picture of what is going on with your business via marketing analytics, you need to ensure that no part of the marketing and sales process is left in isolation, resulting in disconnected data. Many marketers fall into the trap of relying heavily on web analytics, however, this data just does not provide enough information. Whereas marketing analytics considers all marketing efforts, across all channels over a particular span of time.

The benefit of using marketing analytics can be huge; management consulting firm, McKinsey, found that an integrated analytics approach can free up 15% to 20% of marketing spend.[1] A survey by Technology Marketing revealed 47% of professionals in the field felt that determining which platforms deliver the best Return on Investment (ROI) is the most important factor of marketing analytics.[2]

In order to manage your marketing performance, you need data, metrics and analytics. These mechanisms will provide you with:

- A better understanding of which platforms deliver the best ROI
- Better prioritisation of marketing tactics
- Better marketing messaging and positioning
- Better demonstration of the value marketing contributes to sales.

What's in this eBook?

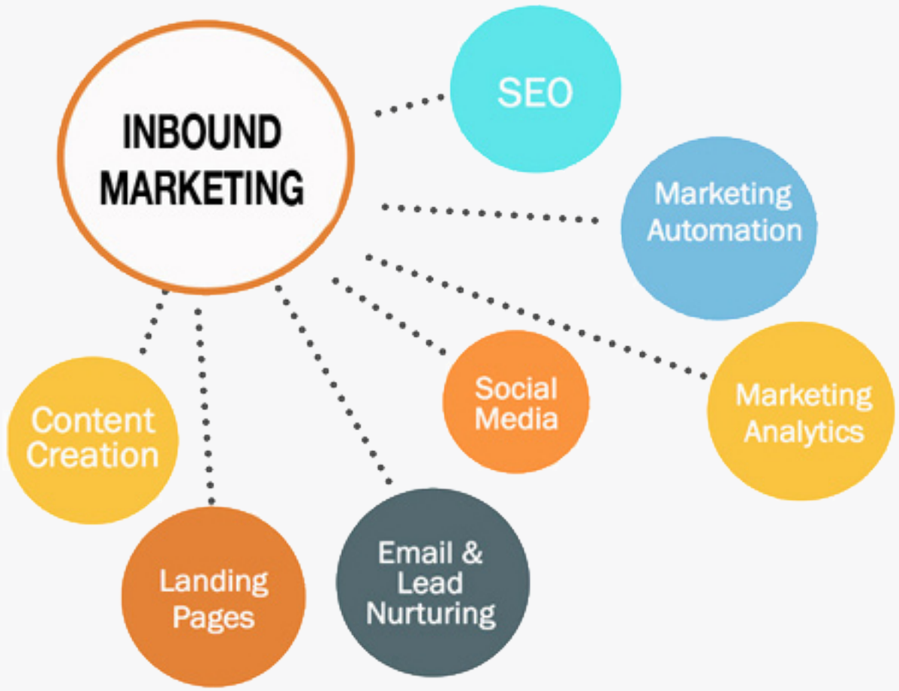
- The evolving role of the marketer
- Why use marketing analytics
- Steps businesses should take to include marketing analytics in their plans
- Marketing analysis and resulting actions
- Sales analysis and resulting actions
- What the analysis tells you
- Key tools to track analytics and how to use them effectively
- How marketing and sales analytics prove and further boost ROI
- Conclusion
- Next steps

[1] *Using marketing analytics to drive superior growth, McKinsey & Company, 2014*

[2] *Marketing Analytics Report, Technology Marketing, slideshare.net*

THE EVOLVING ROLE OF THE MARKETER

The role of the marketer is perpetually changing, as are the tools available to marketing teams. Increasingly, marketers are engaging customers in a more personalised way, whilst simultaneously measuring the impact of their actions across their full range of channels.[3] This means that Marketing Executives are organising their role around customer engagement by embracing technology and analytics. According to Gartner, by 2017, the Chief Marketing Officer (CMO) will spend more on IT than the Chief IT Officer (CIO).[4] Marketing Executives can no longer rely on merely understanding the customer personas; they need to know how a customer progresses through the company's buyer journey from start to finish. Using the data, typically accessible via Customer Relationship Management (CRM) solutions,marketers can give their customers special attention, which will ultimately maximize customer interaction.



[3] *Increasing marketing ROI with customer analytics, IBM Business Analytics Summit, 2013*

[4] *By 2017 the CMO will spend more on IT than the CIO, Gartner, 2012*

WHY USE MARKETING ANALYTICS

Marketing is only able to optimise programs if it has the required data to do so. Analytics provides businesses with advanced business and customer intelligence, which affords greater understanding of target customers and their needs, interests and buying behaviour. Working with sales, marketers can then arm their colleagues with the right information, for the right prospects, at the right time. Analytics is needed to utilise the data necessary to do this.

Using marketing analytics will help you understand your business better and will help you answer four fundamental questions:

1. **Which customers should I target?**
2. **What products should I offer the customer?**
3. **How much of an incentive do I need to offer to make that customer convert?**
4. **When should I make the offer to the customer?**

Many businesses do not have a basic infrastructure in place for measuring ROI. In a 2013 report, HubSpot found that 34% of businesses cannot or do not calculate ROI from their marketing.[5] This is a startling statistic because if businesses use marketing analytics, it enables them to understand how their marketing and sales activity works and what the subsequent impact on business and ROI will be.

According to HubSpot, marketers who measure inbound ROI are 17 times more likely to see the same or greater ROI from the previous year.[6] This is because analytics provides businesses with customer intelligence, which enables improved sales and marketing service. If a business has a strong understanding of its target customers, then that knowledge of customers buying behaviour will guide improved sales.

[5] *State of Inbound 2013, HubSpot.com*

[6] *ibid*

There are three important things which marketing analytics achieves (and simple web analytics does not):

1. **Integration of views across different marketing channels**
   Using marketing analytics allows for a clear view into the direct relationships occurring between all marketing channels which your company is using (social media, blog, email marketing, SEO etc.). The true value of marketing analytics is highlighted when the effects of multiple channels performance is tied together. Email marketing exemplifies this; when you send an email to a segment of your leads, the marketing analytics will inform you of how many people clicked from your email to your website, and how many of those people became feasible leads when they landed on your website. The data generated from that email can then be compared with other marketing initiatives to determine which tactic is having the biggest impact.

2. **People-centric data on the customer lifecycle**
   The great aspect of marketing analytics is that it analyses everything, with 'people' being the focal point. This means that you can track your leads and prospects by their individual engagement with your marketing activities. This will allow you to know how an individual arrived on your site, how long they stayed there, and whether or not they are an active member of your email or blog subscriber lists. Marketing analytics provides you with the intelligence on your leads which will facilitate your lead nurturing. This data helps you to understand the trends which your most valued prospects are involved with, whilst highlighting where they are in the sales cycle. The analytics enable you to prioritise your leads so you know which ones are going to be the most profitable for your business.

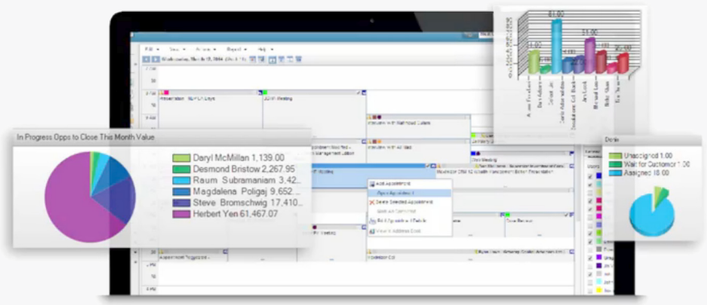
3. **Closed loop data**
   Marketing analytics can be used to link the marketing process with sales. Even if your blog is generating qualified leads, it is not a guarantee that it is bringing in money for your business. Closed loop marketing analytics can show you exactly which of your leads are going to increase your revenue. Your marketing analytics needs to be in sync with your CRM system and, using these together, you will be able to decipher whether your leads are contributing to your bottom line.

STEPS BUSINESSES SHOULD TAKE TO INCLUDE MARKETING ANALYTICS IN THEIR PLANS

The big question which companies are asking is: what steps should I be taking to include analytics in my marketing and sales plans?

Businesses need to follow these seven steps to begin implementing analytics into their marketing function:

1. Identify the best analytical approach
2. Deploy the necessary infrastructure to generate and capture the necessary data
3. Integrate the capabilities to generate deeper insights
4. Implement the analytics at the very core of your organisation, and garner top management support
5. Agreement on marketing and sales targets and establish the roles that each department will play in achieving these and how they will work together in doing so
6. Use analytics to identify valuable opportunities ahead of your competitors
7. Evaluate the quality of your analytics and make any necessary adjustments.



MARKETING ANALYSIS AND RESULTING ACTIONS

So on the marketing side, what exactly should you be tracking? Your marketing analytics should be measuring website visits, channel-specific traffic, bounce rates, number of sales-ready leads, conversion rates, customer retention rates, customer lifetime value and ROI.

There are eight easy ways to track and calculate these:

1. **Website visits** (number of people landing on your website at any given time) – there are a number of tools available to enable the tracking of visits to your website, the source, demographics, the visitor journey through the site, etc. Google analytics is the best tool for these measurements, it is easy to use and free.

2. **Channel specific traffic** (the source of your website traffic) - Google analytics offers a breakdown of the source, whether direct (meaning an individual typed your URL into the web browser) or whether they used a search engine by typing in a specific query/question.

3. **Bounce rates –** the number of people who reached your site but left it again without any interaction. This information is also provided by Google analytics.

4. **Number of sales-ready leads –** these are the leads which the marketing department has received and passed on to the sales department to follow-up on.

Default Channel Grouping	Sessions	% New Sessions	New Users	Bounce Rate
	7,636 % of Total: 100.00% (7,636)	75.93% Avg for View: 75.93% (0.00%)	5,798 % of Total: 100.00% (5,798)	73.61% Avg for View: 73.61% (0.00%)
1. Social	2,593 (33.96%)	73.66%	1,910 (32.94%)	84.46%
2. Organic Search	2,202 (28.84%)	84.20%	1,854 (31.98%)	67.39%
3. Direct	1,547 (20.26%)	85.71%	1,326 (22.87%)	80.61%
4. Email	661 (8.66%)	37.37%	247 (4.26%)	48.56%
5. Referral	631 (8.26%)	72.90%	460 (7.93%)	59.75%
6. (Other)	2 (0.03%)	50.00%	1 (0.02%)	100.00%

5. **Conversion rate** (the percentage of unique visitors who take a desired action upon visiting your website) – the conversion rates you want to measure include: web visits to leads generated, number of leads generated to sales. This is a simple calculation, you need to take the number of leads generated and divide this by the number of web visits which you have received, then multiply by 100 and you get your conversion rate as a percentage.

$$\frac{\text{\# OF LEADS GENERATED}}{\text{\# OF WEB VISITS RECEIVED}} \times 100$$

6. **Customer retention rate** (the number of customers which you manage to keep) – this is a simple calculation based on the number of customers you had at the start of a given period in time. It is calculated by dividing the number of new customers by the number of current customers and then multiplied by 100 to offer you a percentage.

$$\frac{\text{\# OF NEW CUSTOMERS}}{\text{\# OF CURRENT CUSTOMERS}} \times 100$$

7. **Customer lifetime value** (prediction of the net profit which is attributed to the future relationship with a customer) – this is a more complicated calculation as it looks at the cost to acquire a new customer and the cost to retain that customer as well as the revenue which that customer generates.

   Average customer sale multiplied by average number of repeat transactions multiplied by average retention time in months or years minus marketing costs = estimated CLV

$$\text{TOTAL REVENUE CUSTOMER GENERATES FOR YOUR COMPANY} - \text{CUSTOMER ACQUISITION COST} - \text{CUSTOMER RETENTION COSTS}$$

8. **ROI –** (the financial profit generated as a result of an activity, therefore the revenue generated minus the total cost, divided by costs to calculate a positive return on investment) - take the revenue generated minus the marketing cost and the cost of sale and resources to acquire a lead and convert into a new customer – the Total Cost) and divide by the Total Cost.

$$\text{ROI} = \frac{\text{TOTAL REVENUE} - \text{TOTAL COST}}{\text{TOTAL COST}} \times 100$$

SALES ANALYSIS AND RESULTING ACTIONS

Having seen what is derived from your marketing analytics, it is necessary to see what should be measured on the sales side of the equation. The main metrics gained from a sales analysis are lead progress, contact rates, revenue per sale, return on full sales process investment (including sales rep's time and costs).

Tracking and calculating these metrics involve:

- **Lead progress** (the time between sales receiving the lead and that lead being contacted by the sales team) – this is calculated by finding an average of these two
- **Contact rates** (number of contacts which turn into reliable leads) – this is the number of contacts divided by the number of leads received and multiplied by 100
- **Revenue per sale** (revenue generated by each lead individual) – individual per sale but as an average. This is the total revenue income from all sales divided by the number of sales multiplied by 100
- **ROI –** take the revenue generated minus the sales resource costs to acquire a lead and divide marketing cost to acquire the ROI.

$$\frac{\text{\# OF LEADS GENERATED}}{\text{\# OF WEB VISITS RECEIVED}} \times 100$$

$$\frac{\text{\# OF NEW CUSTOMERS}}{\text{\# OF CURRENT CUSTOMERS}} \times 100$$

$$\text{TOTAL REVENUE CUSTOMER GENERATES FOR YOUR COMPANY} - \text{CUSTOMER ACQUISITION COST} - \text{CUSTOMER RETENTION COSTS}$$

$$\text{ROI} = \frac{\text{TOTAL REVENUE} - \text{TOTAL COST}}{\text{TOTAL COST}} \times 100$$

PLEASE SEE PREVIOUS PAGES FOR THE CALCULATIONS.

WHAT THE ANALYSIS TELLS YOU

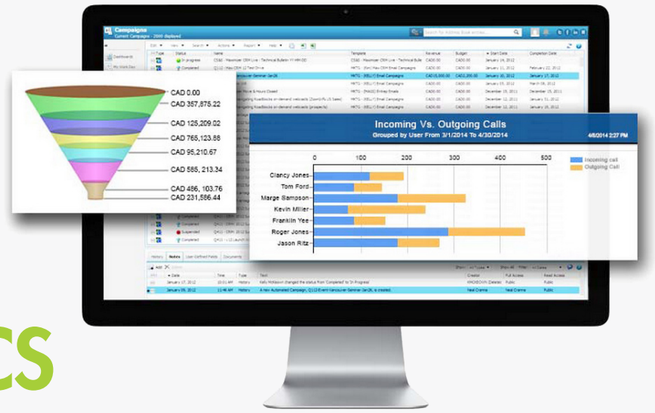
It is essential that you examine your key metrics for both Marketing and Sales regularly in order to be able to respond to them in a timely manner. It is crucial that you monitor the early stage metrics within your sales process so that you can accurately map the data which will improve your chances of meeting and exceeding your company's revenue goals. This is usually achieved by focusing on your most valuable customers and addressing issues which are relevant to them. As well, it is essential that the transactional records are kept up-to-date on the CRM database to ensure that revenue calculations are as accurate and current as possible.

Once the data has been acquired and analysed, for both Marketing and Sales functions, it is crucial that you act on what the data tells you. The data that is generated from your marketing and sales analytics will show you exactly where your problem areas are and the specific adjustments which are needed to improve them. If the data shows that you are exceeding your set targets, then you can fine tune certain areas and strive to surpass your performance. This can be achieved by checking which actions have been particularly successful and determine from that which adjustments can improve the overall results (i.e. allocate the most time and resources to the channels with the best ROI).

The metrics, however, can also highlight that you are not achieving your targets in some instances. You can then use the analysis to identify the areas which are not performing well and to see what needs to be done to turn them around, for example, by cutting non-performing activities or redistributing investment of time, effort and resource into those that are demonstrably achieving positive results. For example, if your team as a whole is underperforming in particular areas, you need to find solutions by examining how changes such as a different approach, increased resourcing or additional training for your sales department might impact performance.

KEY TOOLS TO TRACK ANALYTICS AND HOW TO USE THEM EFFECTIVELY

In order for your marketing analytics to be successful, you must have the right tools to support the analysis. You need to make sure any additional software used in your marketing and sales operation is integrated with your marketing automation and CRM database in order to capture those important granular details. Ensuring all your data is held in one central location, such as your CRM, will provide you with the mechanisms which you need to be able to respond to opportunities quickly and to be able to drive growth. A lot of the data will be generated from prospect and client interactions which are driven by the software, thus the importance of an integrated approach to achieve the best results. Ultimately, this will facilitate the process of generating more predictable revenue streams.



HOW MARKETING AND SALES ANALYTICS PROVE AND FURTHER BOOST ROI

Analytics and ROI help marketers unlock their budget by demonstrating the effectiveness of an inbound strategy to senior management. Until the financial success of inbound is proven, many company boards will remain sceptical. Measuring ROI allows marketers to compare the cost per lead for inbound marketing against traditional outbound tactics.

Using analytics will allow you to continuously improve sales and marketing strategies and boost ROI. In summary, using the information provided by analytics helps you to segment your customer base, optimise your marketing budgets, understand your customers behaviours and trends, target those customers who are most likely to respond and ultimately generate a positive ROI[7], driving profitability. This means that the main Key Performance Indicators (KPI's) need to be identified so they can be properly tracked. Create reports to highlight where you could use more resources and what works best and where.

[7] *Increasing marketing ROI with customer analytics, IBM Business Analytics Summit, 2013 http://www.fyisolutions.com/_media/ibm_ba_summit_increase_marketing_roi_with_new_analytic_techniques.pdf"http://www.fyisolutions.com/_media/ibm_ba_summit_increase_marketing_roi_with_new_analytic_techniques.pdf*

CONCLUSION

Business decision makers are under pressure to demonstrate viable ROI from proposals, so the need to use analytics is increasing. Budgets can be tight, and analytics can free up space for more productive activity, which in turn will save money and increase profits. If a company has firm insight into what is working and what is not working in the business, it will be more efficient and ready to act on new opportunities before competitors. Analytics needs to encompass multiple platforms, across both marketing and sales teams and marketing automation and CRM software. Knowledge is power: business will be able to combine data gained by analytics with automation and CRM software to ensure best customer experience, which will maximise customer lifetime value and customer acquisition/retention.

NEXT STEPS

Hopefully, this ebook has demonstrated how your company can improve your Sales and Marketing efforts by reviewing your analytics, driving a cycle of continuous improvement for a positive return on marketing investment and a sales team driving profits, not simply revenues. However, to measure your sales and marketing activities effectively, in real-time requires access to the right business tools, such as CRM and Marketing Automation software. To better understand the strategies and software required for superior marketing and sales analytics please access further complimentary resources, including:

Successfully engage prospect and recruit new customers' white paper

How to calculate and use your Customer Lifetime Value eBook

7 Steps to Superior Business Intelligence eBook

Want to learn more about managing your customers with inbound and see how Maximizer can help?

GIVE US A CALL, WE'D LOVE TO CHAT

+44 (0) 845 555 99 55

Maximizer® CRM

WWW.MAX.CO.UK

CONNECT WITH US

EMEA

Maximizer Software Ltd.
2nd Floor, Apex House, London Road,
Bracknell, Berkshire, RG12 2XH, UK

Phone +44 (0) 845 555 99 55
Email info@max.co.uk
Website www.max.co.uk

HEAD OFFICE - AMERICAS

Maximizer Services Inc.
208 W. 1st Avenue, Vancouver, BC,
V5Y 3T2, Canada

Sales +1 800 804 6299
Phone +1 604 601 8000
Email info@maximizer.com
Website www.maximizer.com

AUSTRALIA / NEW ZEALAND

Maximizer Software Solutions Pty. Ltd.
Suite 1.14, 32 Delhi Road
North Ryde, New South Wales,
2113, Australia

Phone +61 (0) 2 9957 2011
Email info@maximizer.com.au
Website www.maximizer.com

Copyright © 2015 Maximizer Services Inc. All rights reserved. Maximizer® CRM is a registered trademark of Maximizer Services Inc. Maximizer CRM, Maximizer CRM Live, Maximizer Contact Management, and other product names may be trademarks of their respective holders. This is for information purposes only. MAXIMIZER SOFTWARE INC. MAKES NO WARRANTIES, EXPRESSED OR IMPLIED, IN THIS SUMMARY.