CALCULATION OF ROI
IN CONTENT MARKETING

Content marketing has grown by leaps and bounds in popularity over the last few years, and is now a way of life for most businesses.

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Introduction

Content marketing has evolved to become one of the primary ways by which marketers build their brands, establish thought leadership, generate and nurture leads, expand their social following, and engage with customers. A 2013 study by the Content Marketing Institute reveals that 33% of B2B marketing budgets now go towards content marketing, a healthy increase from the 26% allocated to it in 2011.

The ROI Formula

Calculating the ROI of content marketing, like anything else, requires estimating the total cost of the intervention and the revenue generated out of it. As such, the basic ROI formula for content marketing is:

ROI = (Revenue Generated – Cost of Content Marketing) / Cost of Content Marketing

Cost of Content Marketing

Estimate what content marketing interventions cost the business. This could include

- Salaries and overheads for the time taken by staff to create content
- Cost of ownership of the software used to design or publish content
- Distribution costs for content amplification platform such as Outbrain

Revenue Generated

Unlike calculating the costs, calculating the revenue is hazy and complex.

The simple way to calculate how much revenue content marketing has made for the enterprise is to identify the number of content–driven inbounds on an ecommerce microsite that go on to make a purchase. The latest technologies, especially those related to marketing automation and CRM are capable of showing a clear link between what people read and what they buy.

The problem comes when customers do not follow this straight or linear path as marketers expect them to do. Even when a lead follows a link from the content all the way to purchase, it is not necessary that the content prompted the purchase. The customer may already have been influenced by several other sources, not just the specific content marketing initiative, and he or she may even have decided to buy even before he or she viewed the content. Conversely, the customer may purchase a product by direct log-in in to the ecommerce microsite or even a third party site, having read a blog or other content earlier, but not following the call-to-action that would have attributed the purchase to the content. It is also possible that the customer may have been influenced by an earlier content market outreach when he makes a direct purchase several months down the line.

Another significant challenge when trying to measure the ROI of content marketing is the issue of time. Unlike other forms of marketing, the returns from content marketing are rarely instant. It often does not manifest in the short term, say a 30-day period, either. It may at times take weeks or months for search engines or people to discover a piece of content, but it is equally possible that the content may have become obsolete by that time.

The above problems will blow away to a large extent when content marketing becomes more personalised. Increased personalization would allow marketing executives to calculate the lifetime customer value and improvements thereof, reduce customer acquisition costs, and quantify the value of each customer engaging with each item of content, with much precision. This will in turn improve the calculation of revenues that content marketing brings out.

Lead Value

Lead-value price is the worth of a lead or the expected revenue that the lead is expected to bring. This is an important component in calculating the revenue side of content marketing ROI. For instance, if a piece of content costs $2,000 to produce and $4,500 to promote, to promote it, the total investment on the content is $6,500. Assuming each lead has a value of $65; the content needs to generate 100 leads to break even.

As things stand, there are certain metrics that allow marketers to make attribution, or the link between the content and the purchase with some precision.

Consumption metrics

The web analytics offered by Google Analytics and similar programs reveal consumption metrics. Matrices such as total visits, unique visits, downloads, time-on-site, cost-per-visitor, and bounce rate provide measurable data that help determine how often content is consumed, the path followed by visitors to find the specific content and more. For example, a visitor may enter the site to read a blog post, follow a link to the services page, then click himself into the about us page, then fill out a contact us form. All these metrics directly tie itself to the value of the investment, and are not necessarily limited by considerations of time.

Lead-generation metrics

Content marketers would do well to use lead capture forms, and depending on the type and nature of the content, restricting it only to those who complete the form. The form may capture the visitor's name, email address, and any other information the marketer deems relevant. However, forms may not work for all content types as some visitors would simply go away rather than take the hassle of filling up a form. Cookies that track visitors on the site and indicate the pages they viewed, spread over multiple visits, are a valuable tool for marketers seeking attribution of leads to specific content pieces. The pre-requisite is they make the website ready to track such events.

Sharing metrics

Social networks generate traffic for content pieces and tie into consumption metrics, among others. The challenge for marketers is however to determine with any precision dollar value for a "+1" on Google or a "like" on Facebook. Social profiles are indispensable for customer relationship management, customer service, and customer engagement, but there is still no real way to assign dollar value and it remains a weak area when trying to attribute ROI to content marketing efforts.

Sales metrics

The real dollar returns of content marketing investment come from sales metrics. Sales conversion rates affirm whether prospects who click on a specific content piece and do the necessary call-to-action, actually turn into paying customers. To track these metrics, it is important to ensure that the CRM system and processes allow tracking a visitor all the way to the end sale. Revenues are attributable to the content responsible for bringing the customer. However, the value need not be easily correlated to a single asset.

The road map towards attributing ROI to content

There are two basic ways by which marketers can use the various metrics and tools to attribute purchases to content.

1. Track Web Leads

The first step in calculating ROI of content is tracking web leads using any of the metrics. If the content includes a specific call to action such as directing the visitor to a particular landing page or making them fill out a web form, attributing the lead to a specific content becomes very easy. Depending on the nature of the business, the content could also directly lead to purchase, making attribution even more definite. If the purchase does not take place at once, then the lead is tagged as having come from this specific piece of content, and the attribution is made once the sales team nurtures the lead across the marketing lifecycle until he or she finally converts.

Gathering such data requires a marketing automation tool and a CRM, to generate reports on how much leads each of the content marketing pie asset generated - be it blog, social media post, email, PPC ad or any other source. Without these tools, it is physically impossible for marketers and analysts to keep track of all transactions and make attributions manually.

2. Deploy Call Tracking

Call tracking is a crucial element that often gets ignored when measuring content marketing. A lead who stumbles upon the content need not always click the given link. He or she could just as well take the telephone and call up the company. Attributing which piece of content prompted the call can make a big difference. It is not possible to prove that someone read a blog, watched a video, or read marketing collateral from a trade fair.

Call tracking software enables the marketing team to include unique trackable phone numbers for inclusion in downloaded and printed content, videos, trade show presentations, emails, ads, direct mail blasts, and other content marketing interventions. Even when a lead visits the website before making a call, the call tracking tools can still reveal how the caller found the site and the web page or blog posts they called from. For best results, integrate all the tracking tools with the CRM software.

Spillover Benefits of Content

Well written and positioned content lead people to purchase the product or service. However, this by itself does not complete the potential ROI from the content. The content has potential to add value in several other areas.

Luring visitors to website

Content marketing, apart from generating revenue through direct sales, may also increase profit by saving money for the enterprise. Calculating the potential savings from a piece of content requires estimating the amount the enterprise would incur to drive the same number of visitors into the website in the absence of a content marketing intervention. For instance, if a blog that cost $500 attracts 1000 visitors to the website, and Google ads cost $1 per click, then, content marketing has actually saved $500. Without the blog attracting visitors, the company would have had to spend $1 x 1000 to lure 1000 visitors into the website.

Eliminate Processes

Good content may prompt recipients to skip certain services offered by the enterprise, either for self-service or because the content delivered the required insight or clarification. For instance, uploading an article that describes the product or explains various ways in which a product may be used may reduce incoming support calls. This would save money on support staff, and in many cases where infrastructure is on SaaS and scalable, save money on the infrastructure as well. Content such as a whitepaper or infographic may resonate with some leads and accelerate their journey to complete the sales, thereby saving money on expensive sales staff.

Content Intelligence

Content intelligence, in the form of number of views, likes, and comments may offer insight into customers' needs and interests. This would help the enterprise fine tune its operational and customer strategy better, and in the process save costs that would otherwise be required to ascertain the information.

The challenge is to identify all such indirect spillover benefits. Quantifying them by attributing savings directly to content marketing efforts is even more challenging. However, unless this is done, calculating ROI may present a distorting picture and understate the real worth of the content marketing intervention.

Calculating such indirect costs requires the business to first understand all the ways in which the content has a positive impact on business operations, before trying to assign a monetary value to such impact. There is no formula set in stone to achieve this, and the process is still ad-hoc in nature.

Tips to Improve Effective Content Marketing and Make ROI Attributions Better

Improving the effectiveness of content marketing interventions would automatically make it easier for marketers to attribute purchases to a content, and calculate the ROI of content marketing interventions. The following tips help in this direction:

- Put high-value content behind registration forms to attract viewers to click instantly and generate leads directly. If viewers put off the call-to-action, the lead is potentially lost, and even if it comes back later, attribution to the specific content source becomes difficult.
- Link Content Together to Tell a Story. Each content should ideally link to another piece of content, so that the content chain takes readers on a journey that teaches them about the need for the product and service. The final destination of that journey should be to drive down the USPs of products and services selected. For instance, a SEO search could lead to a syndicated blog post which in turn points viewers to an infographic that sends people wanting more data to download a research report which triggers an email nurturing campaign with customer success stories and industry best practices while asking the lead to call or email the sales team to learn more.
- Leverage content in multiple forms, by either reusing it (in a way that does not impact SEO) and by maximizing the content's potential for exposure. Promoting content in multiple forums is essential to boost chances of retention and coax viewers to follow on to the next course of action.

It is not enough that content marketing does the right thing. Support from top management and those who hold the purse strings would come only when it is shown to do the right thing for the enterprise, and this makes calculating the ROI of content marketing very critical. Marketers need to be wary of underestimating the impact of content marketing, for there are many latent or indirect benefits over and above the direct benefits.

About Suyati

Suyati provides marketing technology and integration services for companies that wish to combine the best of breed solutions and create a unified approach to customer acquisition. This unified digital marketing approach requires system integration between various CMS and CRM platforms, and a slew of ecommerce, Marketing Automation, Social Media Listening, email and social marketing, and customer service systems. Our specialized knowledge in Salesforce, open source and .Net based systems enables us to build effective custom integrated solutions for our clients.

Suyati's custom technology solutions have been deployed in companies in the US, Western Europe and Australia, and have helped many enterprises leverage the web/cloud/mobile technologies to acquire customers through integrated digital marketing. Suyati is based in Chicago with product engineering capability out of the US and India.

www.suyati.com **services@suyati.com**

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