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## Dateline AGL – How success can be determined in marketing campaigns

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Measurement is key to optimizing marketing campaigns. When key performance indicators (KPI) are established and measured, what works and what doesn't work becomes clear. Dollars for marketing can be directed toward the most effective campaigns. Following is a selection of KPIs and digital indicators for measuring marketing campaigns of small businesses.

### Return on Investment (ROI)

Return on Investment measures the sales revenue a campaign generates on every dollar spent. If Marnie spent \$1,000 on a campaign that generated \$5,000 in sales, Marnie's ROI is \$4,000 or 400%. Return on Investment is the best KPI to measure the effectiveness of marketing campaigns because it measures the quality of leads generated.

$$\text{Return on Investment Formula} = \left( \frac{\text{Net Profit}}{\text{Cost of Investment}} \right) \times 100$$

### Cost per Sale

Cost per Sale measures the expense of each sale. If Eric's campaign budget of \$1,000 resulted in five sales, the cost per sale is \$200. This metric can compare campaigns.

### Cost per Lead

Cost per Lead measures the cost-effectiveness of marketing campaigns, focusing on the leads generated by the campaign. It does not measure the quality of leads. If a \$1,000 campaign generated 10 leads, the cost is \$100 per lead.

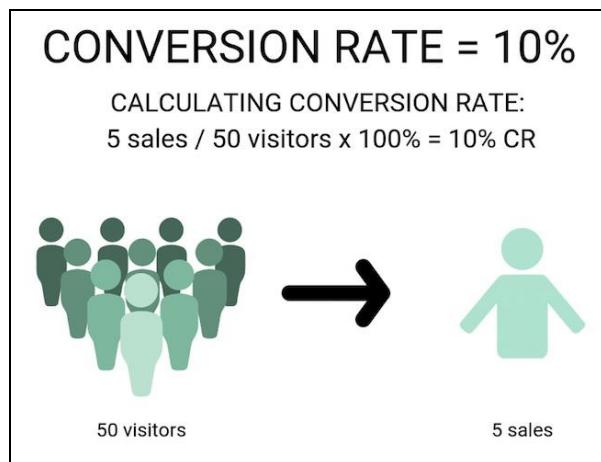
$$\text{CPL} = \left( \frac{\text{Total Ad Spend}}{\text{Total Attributed Leads}} \right)$$



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## Conversion Rate

If 10 leads were generated from a campaign that attracted 1,000 visitors to a website, the conversion rate would be 1%. This is a measure of the quality of visitors to a website. When pages visited are examined, the information helps identify the greatest interest to visitors responding to the campaign.



## Conversions and website behavior

Conversions occur when visitors or customers take specific actions resulting from a campaign.

### Online sales

Tracking online sales is easy using Google Analytics or other web analytics platforms.

### *Online-to-store sales*

If a small business has a physical site for sales, a customer may visit the outlet rather than make an online purchase, if the website is local to prospects and the store easily accessible. To measure online-to-store sales, email can be collected online and compared at the cash register. Discount codes can be offered online and reclaimed at the store. During the store sales transaction the customer can be asked if the product/service information was found on a website or a particular social media site. The data can be manually recorded for analysis.

### *Leads from website forms*

Google Analytics details the results of campaigns using website forms. The number website form submissions (leads) measure the success of a marketing campaign.

### *Website visits (prospect behavior)*

Website visits show the number of times a visitor has been to a website over time. It is a measure of the success of organic search engine optimization (SEO).

### *Page Views per visit (prospect behavior)*

Google Analytics shows how visitors click through a site while providing average numbers of page views per visit. Pages frequented by visitors suggest something of interest and may be useful in product and services offerings.

### *Time spent on the website (prospect behavior)*

The longer visitors stay on a website may suggest that there is something of interest and the possibility of a prospect becoming a customer.

### *Bounce rates (prospect behavior)*

If campaigns have high bounce rates where people hit their “back” buttons as soon as they land on a website, there’s a serious disconnect between a marketing tactic and the landing page. Google might interpret websites with high bounce rates as low-quality or spam.

## **Take the guess out of measuring marketing campaigns**

KPIs and online conversions are methods that give the small business entrepreneur confidence in their campaigns or early warnings that a campaign is not delivering as expected. Rarely do small business entrepreneurs research the many methods for measuring a marketing campaign before it is designed and launched. The question about whether it is working arises long after a launch and often when scarce resources for marketing have been exhausted. How well did we do? That question should be asked several times during the early days of a campaign to adjust or pour more energy and resources into a campaign that is obviously working as expected.

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