

The Content Formula

HOW TO MEASURE THE ROI OF ONLINE CONTENT MARKETING

Content

Preface

Part One: Build the Business Case

Part Two: Find the Budget

Part Three: Measure the Business Case

Brand Awareness

How to Calculate the Value of: Paid versus Organic Search Traffic

How to Calculate the Value of: Unbranded Organic Search Traffic

How to Calculate the Value of: Organic Search Share of Voice

Brand Health

Engagement

How to Calculate the Value of: Time on Site

How to Calculate the Value of: Repeat Visitors

How to Calculate the Value of: Social Likes

How to Calculate the Value of: Subscriptions

How to Calculate the Value of: Bounce Rate

Audience Growth

How to Calculate the Value of: Paid versus Organic Search Traffic

How to Calculate the Value of: Social Shares/ Followers

How to Calculate the Value of: Share of Voice/ Offsite SEO

Business Case

How to Calculate the Value of: Cost per Lead

How to Calculate the Value of: Percentage of Leads Sourced

How to Calculate the Value of: Conversions

How To Calculate the Value of: Retention

Your Content Formula Cheat Sheets

Prologue

About The Authors

End Notes

The Content Formula

Why we wrote this book?

It was May 2011, and SAP's dynamic CEO walked onto a stage at the company's annual event and talked about how technology drives competitive advantage for the world's best-run companies. He didn't talk about products or services (that would come later.) But instead he opened with stories of innovation from a sampling of well-known brands that also happened to be SAP customers. To quote Ann Handley, he made their "customers the heroes of the stories" he told that day.

A few weeks later, he asked the marketing leadership team why stories of thought leadership and technology-driven innovation were not represented on the company website. Ultimately this challenge fell to Michael Brenner. And despite the CEO mandate, marketers inside the company resisted efforts to change the approach to selling products and explaining service offerings on the corporate website. They exclaimed, "Our job is to sell software."

Almost a year later, Michael was able to launch the company's content marketing platform to help reach, engage and convert early-stage buyers. Those were the hardest twelve months of his career, as executives and marketers alike asked why they needed to publish content that didn't directly sell software.

Only through intensive research, a strong business case, and hard ROI measurement was Michael able to push the initiative through. He identified ***The Content Formula*** that helped gain alignment, support, budget, and ultimately proved the value of a customer-driven content marketing strategy.

And while math was never his strength, Michael used data and insights combined with the emotional fear of losing "share of voice" to competitors to get the job done.

Fast forward to 2015. Michael joined content marketing technology leader NewsCred to build a content marketing strategy offering. They conducted more than two dozen strategy workshops with Brand Strategy Director Caitlin Domke and Brand Strategist, Liz Bedor.

In those workshops and discussions with a wide variety of brands, one key challenge emerged more than any other . . .

What is the ROI of content marketing?

This is the biggest question we hear from marketers all over the world. Despite the huge surge in the adoption of content marketing, measuring the business impact of content marketing investment is complicated. Many marketers still struggle to communicate and calculate the return on investment (ROI) of their programs internally.

Building on Michael's SAP case study, our work with numerous amazing customers, and lots of creative Googling, Liz spent countless hours researching the specific calculations and approaches that have helped leading marketers demonstrate the value of content marketing in hard business terms that resonate with business executives.

We turned that effort into a 200+ slide webinar presentation¹, a white paper, and now this book, to help marketers and business leaders all over the world to define, calculate and measure the positive impact that content marketing can have on a business of any size, in any geography, and in any industry.

But wait, what is content marketing anyway?

Content marketing is not yet widely understood – even within the marketing function. Some executives are happy to continue promoting their business using traditional methods that consumers and buyers tune out. Others still view *content* and *content marketing* as the same thing. Or worse they see content marketing as “just the latest trend” in the market.

At the core of these challenges is that senior executives often do not see the business value in consistently providing relevant and helpful content for their customers and prospects.

Content marketing is more than a passing trend. It is not a means to push products and sales pitches. It is much more than “just” content. And it is certainly not a passive “native advertisement.”

Content marketing is a strategy that actively engages customers to build long lasting relationships that have real and measurable business value.

According to the Content Marketing Institute²:

“Content marketing is the marketing and business process for creating and distributing relevant and valuable content to attract, acquire, and engage a clearly defined and understood target audience – with the objective of driving profitable customer action.”

We like to emphasize these aspects when we define content marketing:

- Content marketing is not advertising, or PR, or native ads.
- Content marketing is continuous, always-on, and not campaign-based
- It is customer-focused, not business-centric
- Content marketing is owned media. The difference between content marketing and just content is the brand-owned destination where you publish.
- These content marketing properties are financial assets that have real value, and which deliver a return on investment that can be measured.

This last point is what we intend to cover in the book.

The ironic point of the *content marketing ROI challenge* is that in every case where we have helped businesses to value their content marketing, the results that come back are not 10, 20, or 30 percent more ROI than marketing overall. The results are 100, 200, 300 percent more ROI with content marketing than traditional marketing tactics.

We see marketing teams that simply struggle with how to approach measuring the effectiveness of their content marketing initiatives. However, the problem most likely is not the business’ strategy or content, but with *how* they are measuring their content marketing efforts.

Simply put, businesses may be measuring too narrowly. Vanity metrics such as “likes” and “views” aren’t enough on their own merit to analyze the success of a marketing program. Content marketers need *quantifiable* value of content marketing programs. You need numbers you can take to the bank.

In this book, we’ll map out specifically how to calculate the impact of content marketing across the business. We’ll recommend value-based metrics to benchmark your content marketing initiatives for every business scenario and each business case.

As we explain the calculations for calculating ROI in this book, we’ll refer to a fictitious company named **Software Inc.** as an example use case. Imagine that Software Inc. is a marketing collaboration platform that has been using content marketing for the past two years. The team has done a great job of tracking the costs and performance of their content, but they are now struggling to connect the dots and communicate and calculate the ROI that content has delivered to the business.

Warning: Math ahead!

The book will be divided into 3 main parts. The first explores how to **build the business case** for content marketing. The second dives into how to **find the budget** for a new content marketing program. And the third covers how to **measure content marketing success** in business terms.

This is not going to be a riveting story of love, betrayal and redemption. And as much as we wanted to include them, there are no gifs of puppies, kittens or happy babies in this book 😊.

But we realize that marketers, storytellers, editors, writers, and creative people sometimes struggle with tapping into the right side of the brain. Math, after all, is hard. And it takes work to do the research, build the business case, find the budget, and measure the ROI of anything.

So we’re going to do our best to provide helpful advice and practical calculations. We’ll use examples to help demonstrate many of the points.

But we wrote this book because **this is important**. Our goal is to help you develop your own *Content Formula*. And in the process, become a marketing rock star for your business, for your customers, and for your career.

Thank you for taking the time to read *The Content Formula*. Enjoy!

~ Michael Brenner and Liz Bedor

Part One: Build the Business Case

The only way to successfully build a business case that will catch the attention of your organization's leadership is to be able to communicate and calculate the ROI of content marketing in real business terms that they understand.

All marketing programs should be tied to quantifiable results the sales team and executives can easily understand. But what is the ROI of a TV ad, a company's logo on a stadium, or getting press coverage of a product release?

While traditional marketing has always struggled with measuring real business return, digital marketing methods are infinitely more quantifiable.

The way to calculate content marketing ROI varies for each organization. But the initial process for gathering information and building a strong business case can be applied to any business scenario.

You should expect to prepare and present a strong business case. Otherwise, your content marketing program faces the risks associated with new leadership, budget challenges and the constant pressure on marketing to simply promote the business with more traditional marketing methods.

To help you build a strong business case, here are four steps you can follow.

1. Do Your Research

Before drafting your business case, you need to do your internal research. Find out the costs, ROIs and KPIs of other marketing departments within your organization.

Knowing these numbers upfront will help you to benchmark your program, to get a grasp of what the expectations for success will be, and later, to see how you stack up in comparison.

If you are not familiar with the metrics to track down, here are some terms to get you started:

- Average cost per lead
- Customer acquisition cost
- Marketing percentage of customer acquisition cost
- Ratio of customer lifetime value to customer acquisition cost
- Time to payback customer acquisition cost
- Marketing influenced customer percentage
- Marketing originated customer percentage
- Cost per registration (content or events)
- Cost per sale
- Conversion rate
- Average sales for marketing-generated leads
- Marketing-generated pipeline
- Marketing-generated opportunities
- Marketing-generated deals
- Marketing-generated revenue

And if you work for a smaller company, or you just don't have many of the numbers above, try and gather:

- Total marketing budget
- Total marketing ROI
- The total number of leads or sales that your marketing generates overall
- Your budget for each channel (digital, traditional, PR)
- Which programs generate the highest return

Content marketing, like most digital programs, is infinitely more measurable than traditional approaches. So once you understand your overall marketing ROI, you can then begin the process of comparing that to content marketing ROI.

2. Align Program Goals with Company Objectives

The second step to building a business case is to solidify what you will be measuring. Oftentimes content marketers make the mistake of measuring too narrowly, or only focusing on vanity metrics, such as “likes” and “views.” While these do indicate engagement, they are not enough on their own merit. Remember, marketers need to be able to measure things that have a quantifiable business impact.

Understanding what metrics other marketing departments are tracking will indicate which key performance indicators (KPI) your organization's leadership cares about most. Does your brand want to boost awareness? Is changing perception and improving brand health most important? Or is the main goal always to drive conversions?

If your company's top priority for the year is to increase conversions, then presenting stellar engagement metrics to leadership will not only leave them unimpressed, but will also show that your program is not aligned with company objectives.

3. Set Appropriate Goals

Once you understand what is expected of your new program and how it will most benefit the company, your third step is to set your program's goals. Knowing the ROI from other marketing departments within your organization (from step 1) will help you with this.

This knowledge will allow you to set goals that are realistic and necessary in order for your content marketing program to be considered a success. If you proudly present that your program has driven 100 conversions, while other marketing departments drive 1,000, leadership will consider your program as an ineffective use of time and resources.

Setting these expectations upfront will enable you to manage your program efficiently. If halfway through the year, your engagement metrics are consistently strong but unique reach is dwindling, you'll be able to reinvest into distribution before it's too late to meet your goals.

This is a great time to mention that content marketing typically does not produce results in a short period of time. Content marketing requires continuous investment, testing and optimization. It often takes 6-12 months to demonstrate business value. We call this the “content marketing leap of faith.” When setting your goals, make sure to give yourself enough time to reach the finish line.

4. Ask for a Realistic Budget

The final step to building your business case is to request a fair and reasonable budget. Marketing budgets can vary from thousands to millions of dollars, depending on your organization. Having an idea of the amount allotted to fund other marketing departments will help you decide how ambitious or humble your content marketing program should be.

If you're unsure of what type of budget you can ask for, present the options of a pilot program and six to twelve months to test and learn. It's important to adjust your program goals along with your budget size, as is it simply unrealistic to drive "champagne results on a beer budget."

Depending on your organization, your best strategy can be to ask for the moon and the stars, with the hope of just getting the moon.

Oftentimes, content marketing *doesn't require additional investment*. In this book, we will help you identify ways to fund content marketing programs from existing underperforming marketing budget.

Example: How Michael Built The Business Case At SAP

Despite having the mandate of the CEO and support from marketing leadership executives, Michael found significant resistance to the idea of creating helpful, non-promotional content.

So he turned to the data. What he found was that there was a large audience of people searching for early-stage search terms like "Big Data." And many fewer people were searching for SAP's Big Data product.

Then he looked at how much of that early-stage search traffic was finding their way to the SAP.com website. The unfortunate answer was: very little of the search traffic to the website was brand or product searches (this is before Google masked most inbound search keywords.)

So lots of potential customers were looking for answers and almost none of them were finding the company website. This fact shocked some of the executives and gave Michael the business case he needed to move one step closer to building a content marketing platform.

The next obstacle came from sales executives who wanted more and more promotional content. Michael showed them how SAP did not show up when prospects typed, "What is Big Data" or other early-stage search terms into their search engines.

Sales people understand the power of showing up first in Google.

With the low amount of early-stage search traffic and the poor search ranking results of important solution keywords, Michael was able to build the business case to move ahead with his content marketing program.

You've come to the end of this excerpt. If you'd like to continue your content marketing journey by reading the rest of this book, you can purchase it here:

<http://thecontentformula.com/>

If you have questions, you can find Michael and Liz on Twitter, LinkedIn or send us an email: strategy@newscred.com. We're happy to help!

About the Authors

Michael Brenner loves helping brands tell engaging stories to attract new customers and deliver a return on content marketing. Michael spends his time teaching brands all over the world how to create, deliver, optimize and measure content marketing effectiveness as a speaker, author, and a frequent contributor on leading publications. Michael is the founder and CEO of Marketing Insider Group, the Head of Strategy for NewsCred, and former VP of Content Marketing at SAP. Follow Michael on LinkedIn, Twitter (@BrennerMichael).

Liz Bedor is a brand strategist for NewsCred, with a passion for helping brands use quality journalism and storytelling to achieve business objectives. As a strategist, Liz helps brands across all segments and industries conceptualize, implement and optimize their content marketing strategies. Prior to joining NewsCred, Liz was a brand marketer for Salesforce.com. Follow Liz on LinkedIn, Twitter (@LizBedor).

¹ NewsCred's Webinare on Slideshare "How To Calculate Content Marketing ROI"
<http://www.slideshare.net/NewsCred/how-to-calculate-content-marketing-roi-51315907>

¹ The Content Marketing Institute "What Is Content Marketing?" <http://contentmarketinginstitute.com/what-is-content-marketing/>

¹ Sirius Decisions: <https://www.siriusdecisions.com/Blog/2013/May/Summit-2013-Highlights-Inciting-a-BtoB-Content-Revolution.aspx>

¹ Doubleclick: <https://www.thinkwithgoogle.com/intl/en-gb/planning-tool/display-benchmarks/>

¹ Comscore: <http://www.comscore.com/Insights/Press-Releases/2009/10/comScore-and-Starcom-USA-Release-Updated-Natural-Born-Clickers-Study-Showing-50-Percent-Drop-in-Number-of-U.S.-Internet-Users-Who-Click-on-Display-Ads>

¹ Google: <http://adwords.blogspot.com/2015/06/better-click-quality-on-display-ads.html>

¹ Pagefair: <http://blog.pagefair.com/2015/ad-blocking-report/>

¹ IDC: <https://www.idc.com/eagroup/download/buyers-journey-shoulders-of-buyer.pdf>

¹ Advanced Web Tracking: <http://www.advancedwebranking.com/ctrstudy/>

¹ <http://www.quicksprout.com/>

¹ NewsCred's Webinare on Slideshare "How To Calculate Content Marketing ROI"
<http://www.slideshare.net/NewsCred/how-to-calculate-content-marketing-roi-51315907>

² The Content Marketing Institute "What Is Content Marketing?"
<http://contentmarketinginstitute.com/what-is-content-marketing/>