

The Long and Short of ROI

Why Measuring Quickly Poses Challenges for Digital Marketers

LinkedIn Marketing Solutions





About this report

This report has been produced by LinkedIn Marketing Solutions.

We conducted a survey of 4,000 global B2B and B2C marketing professionals from 19 countries. Sample countries include United Kingdom, France, Germany, Spain, Italy, Netherlands, United States, Canada, Australia, New Zealand, India, Hong Kong, Korea, Japan, Malaysia, Taiwan, China, Brazil, and Mexico.

Respondents work in a range of sectors, including Technology, Financial Services, Professional Services, Healthcare, Education, Automotive, Travel, Manufacturing, and Energy.

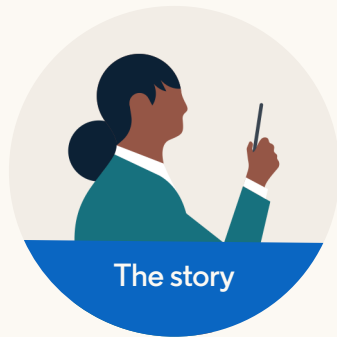
This research was conducted via online survey in June 2019.



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Topline research overview



Digital marketers deliver tremendous value to their businesses but often struggle to highlight their impact or true **Return on Investment (ROI)** when reporting on performance.

The reported metrics are frequently chosen due to internal business pressures to deliver quick results.

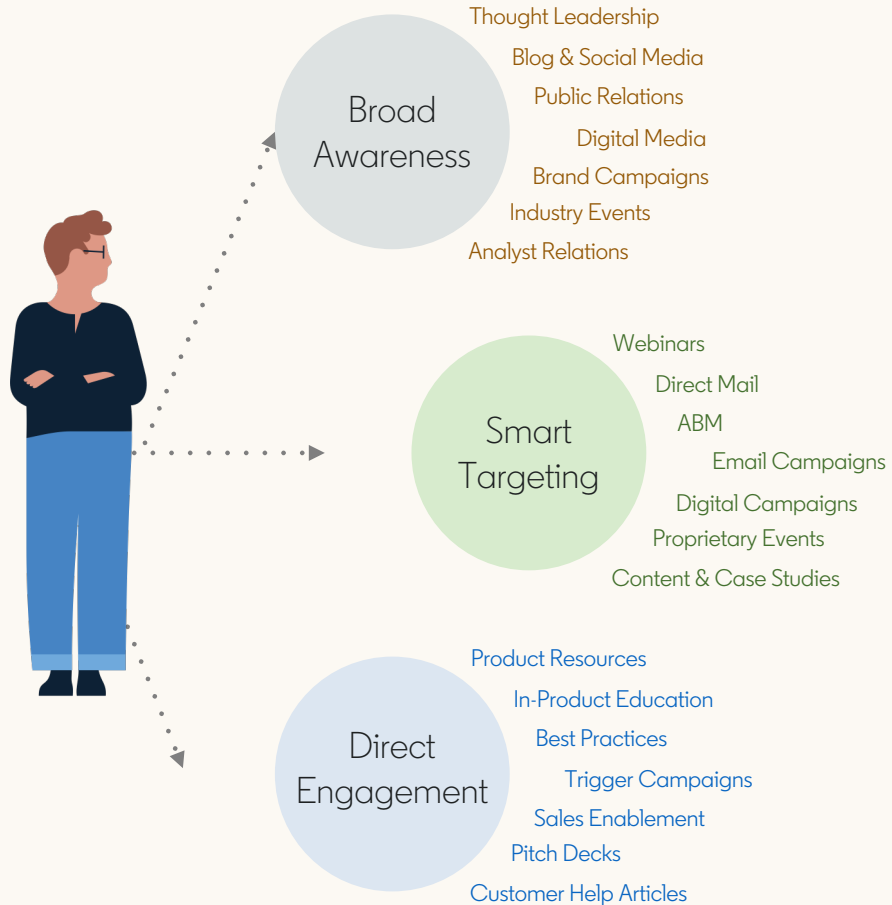


1. Digital marketers are measuring ROI **too quickly**.
2. When digital marketers measure ROI quickly, they're **not really measuring ROI**.
3. Digital marketers are struggling to measure ROI due to **internal pressures**.
4. This leads to **lower confidence** and **less motivation to share ROI**, which could be limiting future budget allocations.

Let's start
with the
baseline...

Marketers often relying on Return On Investment (ROI) as the metric to demonstrate their impact.





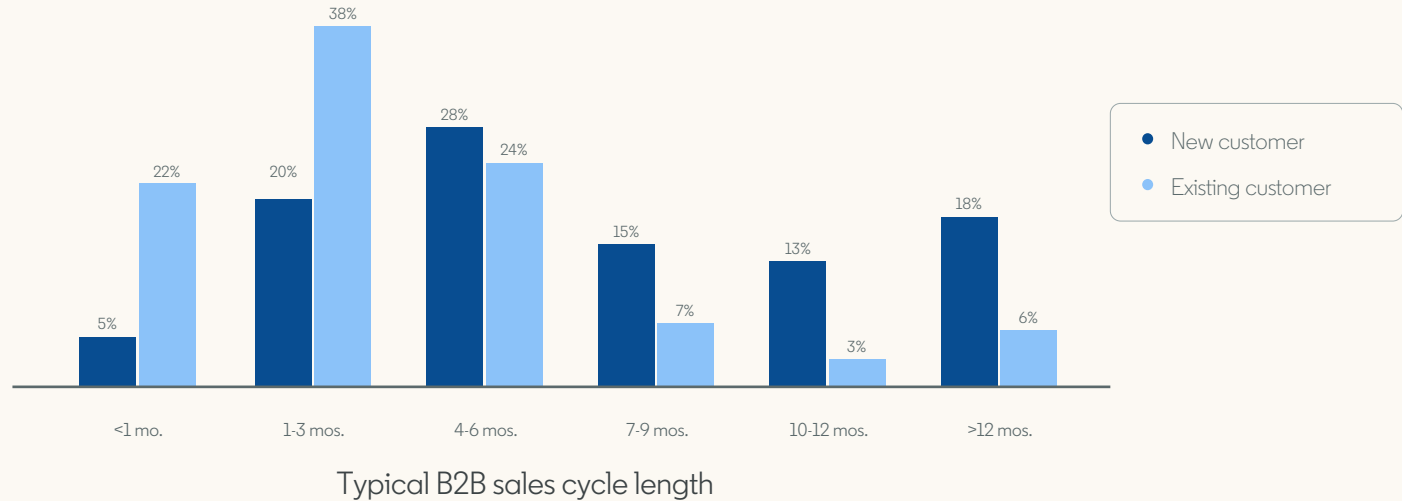
Marketers impact their businesses in countless ways.

In order to prove the value of their contributions, marketers rely on ROI.

1.

Digital marketers are
measuring ROI **too quickly.**

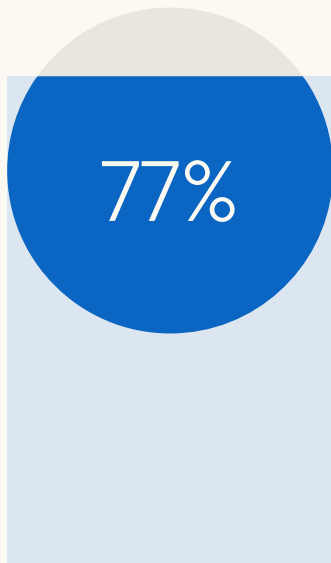
Average B2B sales cycle length is 6+ months



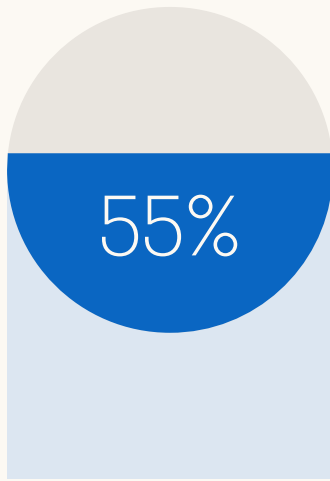
Yet **77%** of digital marketers try to prove ROI within one month...

Digital marketers are trying to prove ROI in a shorter amount of time than the length of their sales cycle

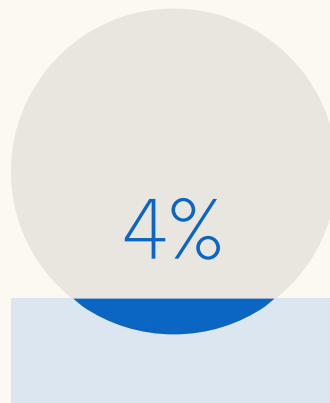
77% of marketers measure return during month 1 of campaign.



Of those, 55% of marketers had a sales cycle 3 or more months long.



Only 4% of marketers measure ROI over 6 months or longer.



2.

When digital marketers
measure ROI quickly, they're
not really measuring ROI.

The ROI and KPI conundrum



What we asked:

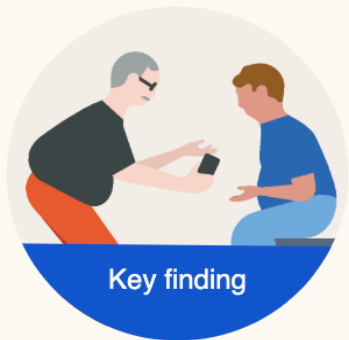
What metrics are you using to measure ROI?

What we found:

Digital marketers typically measure **KPIs**, which show short-term impact of campaigns, but **call it ROI**.

Marketers rely on KPIs, specifically CTR & CPC, regardless of objective

	Increasing brand awareness	Building online presence	Increasing engagement with content	Promoting events	Generating leads	Nurturing leads	Driving website traffic	Driving web conversions	Growing customer spend	Building loyalty
Cost per impression	28%	24%	29%	20%	19%	23%	30%	25%	25%	23%
Brand lift	40%	25%	21%	17%	7%	6%	12%	6%	18%	29%
Reach	52%	47%	50%	37%	18%	16%	33%	18%	24%	32%
Likes/shares/followers	54%	58%	74%	41%	15%	15%	29%	13%	19%	37%
Click-through-rate (CTR) Cost-Per-Click (CPC)	42%	48%	59%	45%	42%	47%	70%	57%	50%	36%
Conversion rate to application	2%	7%	4%	7%	9%	14%	4%	8%	0%	0%
Qualified leads created	15%	19%	16%	27%	42%	47%	19%	24%	16%	15%
Applications or sales pipeline created	14%	16%	12%	29%	34%	41%	13%	21%	23%	19%
Cost per lead or application	14%	19%	16%	21%	55%	45%	26%	42%	29%	18%
Cost per enrollment or customer	12%	15%	11%	17%	28%	33%	19%	37%	32%	20%
Conversion rate to enrollment or customer	27%	36%	31%	45%	56%	60%	42%	66%	50%	44%
Total enrollments or revenue generated	23%	28%	18%	40%	40%	48%	26%	50%	67%	40%
Student or customer lifetime value	10%	12%	8%	9%	11%	17%	8%	15%	33%	33%



42%

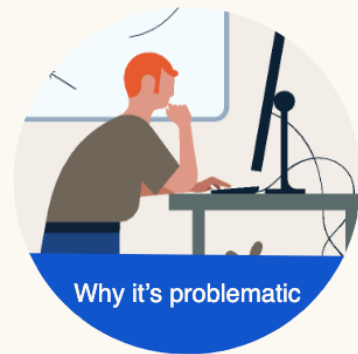
of digital marketers with a lead generation objective claimed to use CPC (Cost-Per-Click) as their ROI metric.

CPC is a KPI

Cost-Per-Click does not show impact per advertising dollar spent.

CPC ≠ Lead Gen

CPL might be better suited as a lead generation metric.



Marketers should consider the unique use cases of **KPIs** and **ROI**



What does
it tell us?

KPIs

Highlights what
happens after
each chapter

ROI

Highlights what
happened after
the entire story

What should
you use it for?

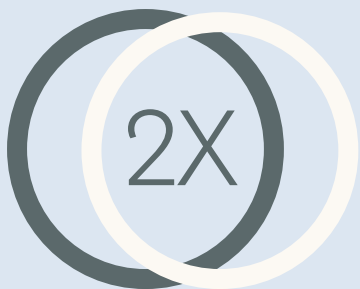
Forward-looking
predictor of end
performance

Backward-looking
informer of future
budget allocation
decisions

3.

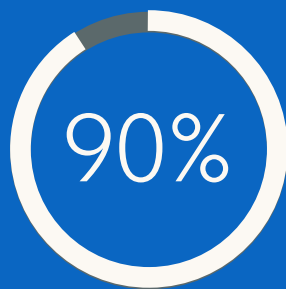
Digital marketers struggle to measure ROI due to **internal pressures.**

Pressure for funding



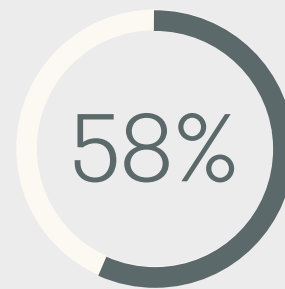
budget allocation
discussions per month
for short-term* marketers

Pressure to show results



make optimization
decisions within
one month

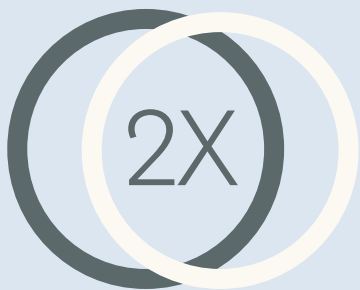
Pressure for approval



need ROI to justify spend
and get approval for
future budget asks

*Short-term marketers are defined as marketers who measure ROI within one month of the launch of their campaign.

Pressure for funding



budget allocation
discussions per month
for short-term* marketers
vs. long-term marketers

Marketers are having more frequent budget discussions as pressure for funding increases.

46% of digital marketers have budget allocation discussions at least once per month.

SMB digital marketers are having these conversations at a more frequent rate.

SMB

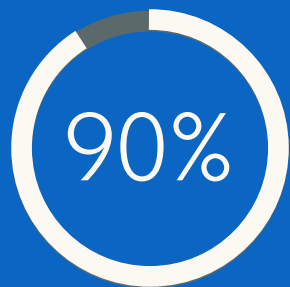
54%

All

46%

*Short-term marketers are defined as marketers who measure ROI within one month of the launch of their campaign.

Pressure to show results



Make optimization
decisions within
one month

This holds true across industry:

90% of digital marketers in Technology, Financial Services, Education, and Professional Services all optimize campaigns within the first month.

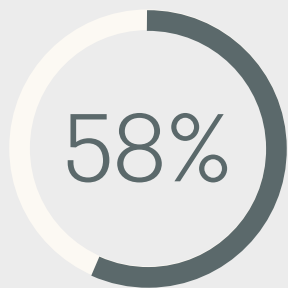
75%

of digital marketers
optimize within **2 weeks**

54%

of digital marketers
optimize within **1 week**

Pressure for approval



need ROI to justify spend
and get approval for
future budget asks

Not surprisingly, Decision Makers have increased need to justify spend with ROI.

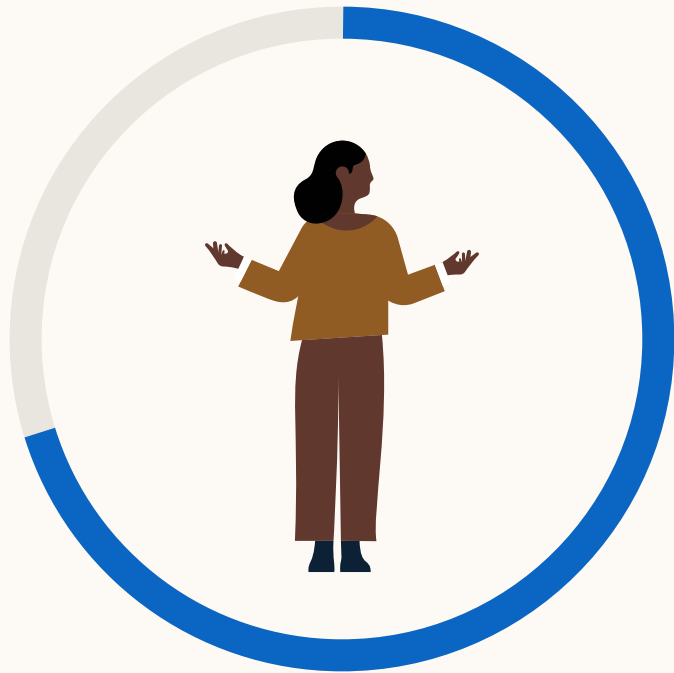
63% of Decision Makers need ROI to justify spend, whereas only **55%** of budget influencers require it.

By Region

APAC	62%
EMEA	55%
NAMER	54%
LATAM	65%

4.

The rush to measure leads to
lower confidence and **less**
motivation to share ROI.



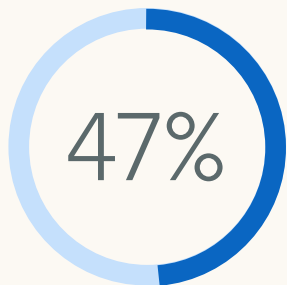
63%

of digital marketers don't
feel very confident in their
ROI measurements today.

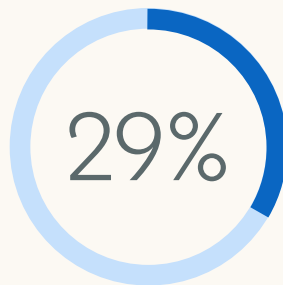


40% of digital marketers do not actively share ROI metrics with stakeholders.

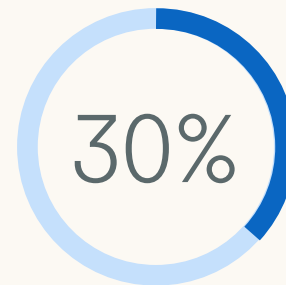
For the **60%** that do share results...



share with other
marketing teams



share with
sales teams



share with
finance teams

What we found:

SMB marketers tend to share more with other **marketing** teams.

Enterprise marketers tend to share more with **cross-functional** teams.

The Confidence Scale



In our survey,
the following audiences were...

Less Confident

More Confident

Short-term Marketers

Long-term Marketers

Marketers who only share
with other marketers

**Marketers who share
with cross-functional partners**

Healthcare
marketers

**Technology & Professional
Services marketers**



The **Solution**

Marketers
should adopt
long-term
measurement
mindset

Define and measure
ROI over the length
of your **sales cycle**

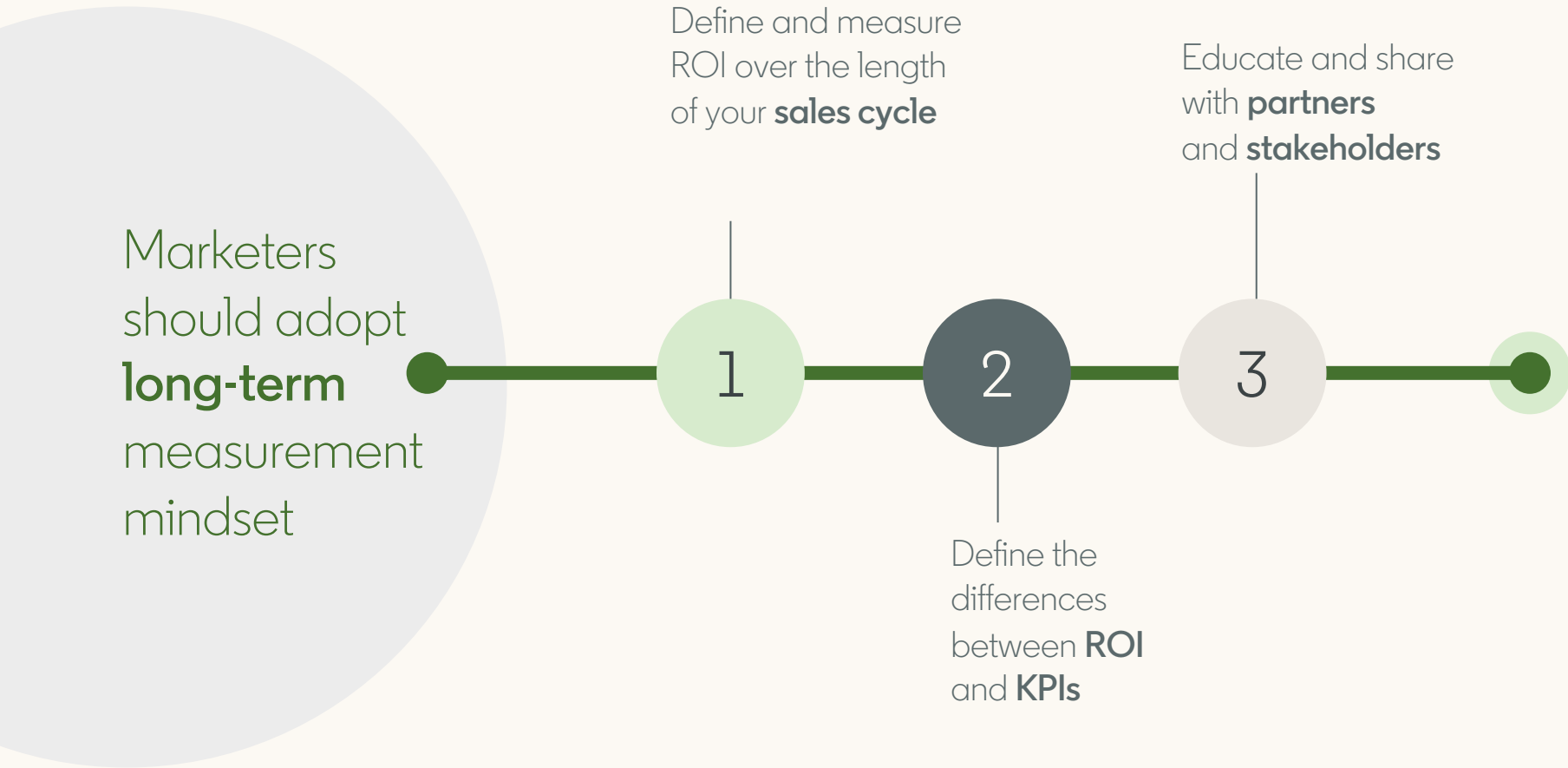
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2

Define the
differences
between **ROI**
and **KPIs**

Educate and share
with **partners**
and **stakeholders**

3



1.

Define and measure
marketing ROI
over the length
of the sales cycle


$$\text{ROI} = \frac{\text{(Return on marketing efforts over sales cycle)}}{\text{(Marketing investment over sales cycle)}}$$

Go Long: Measure
over the length of the
entire sales cycle

2.

Define
the differences
between ROI
and KPIs

The “long” of things: **Measure with ROI**

- Marketing-Attributed Bookings
- Closed/Won Deals
- Average Deal Size
- Cost Per Customer Acquisition
- Win Rate
- Share of Market
- Return on Ad Spend (ROAS)

2.

Define
the differences
between ROI
and KPIs

The “short” of things: **Monitor with KPIs**

Awareness

- Impressions
- Reach
- Ad Recall
- Frequency
- Brand Awareness Lift
- Favorability Lift
- Consideration Lift
- Association Lift
- Share of Voice
- Brand Sentiment

Consideration

- Social Engagement
- Company Followers
- Website Visitors
- Time Spent, Page Views, and/or Bounce Rate from Website
- Open Rate
- Cost per Click (CPC)
- Cost per View (CPV)
- Click-Through Rate (CTR)

Conversion

- Leads Created
- Conversion Rate
- Cost per Lead (CPL)
- Cost per Action (CPA)
- Lead Quality Score
- Website Conversions
- Offsite Conversions

Remember that ROI is just one metric...

$$\text{ROI} = \frac{(\text{Return over sales cycle})}{(\text{Investment over sales cycle})}$$

And success can be demonstrated in many ways...



Customer
Lifetime Value



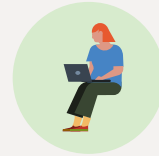
Marketer
Productivity



Total
Revenue



Cost
Savings



Customer
Satisfaction

ROI is a trailing
indicator of past
performance

3.

Educate and
share with
partners and
stakeholders

Confidence levels rise when
calculating ROI in partnership with
your stakeholder teams.



20%

More confident when sharing
or calculating ROI with cross-
functional partners

Make sure your marketing efforts are **recognized** by using ROI.

Common ROI Challenges

1. Measuring **too quickly**

2. Measuring **KPIs** but using them as **ROI**

3. **Internal pressure** to rush reporting

4. **Uncertainty** around ROI measurements



Recommendation

Define and measure ROI over the **length of your sales cycle**

Identify the **unique use cases** and the **right times** to use KPI and ROI measures

Educate and encourage partners to evaluate performance based on **long-term value**

Calculate **ROI** over sales cycle and optimize for **KPIs** based on marketing objectives





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