The Long and Short of ROI
Why Measuring Quickly Poses Challenges for Digital Marketers
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.
Table of contents

1. Topline overview
2. Marketer ROI findings
3. Solution
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.

\[
\text{ROI} = \frac{\text{(Return on Marketing Efforts)}}{\text{(Marketing Investment)}}
\]

70% of digital marketers claim to be measuring ROI today.
Marketers impact their businesses in countless ways.

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

Source: MarketingChart.com; Jan 2019; CSO Insights (research division of Miller Heiman Group); 2018 survey of 886 global sales leaders
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.
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.

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

**KPIs**
Forward-looking predictor of end performance

**ROI**
Backward-looking informer of future budget allocation decisions
3. Digital marketers struggle to measure ROI due to internal pressures.
Pressure for funding

2X

budget allocation discussions per month for short-term* marketers

Pressure to show results

90%

make optimization decisions within one month

Pressure for approval

58%

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

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.

<table>
<thead>
<tr>
<th></th>
<th>SMB</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>54%</td>
<td>46%</td>
</tr>
</tbody>
</table>

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

**Pressure for approval**

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>APAC</td>
<td>62%</td>
</tr>
<tr>
<td>EMEA</td>
<td>55%</td>
</tr>
<tr>
<td>NAMER</td>
<td>54%</td>
</tr>
<tr>
<td>LATAM</td>
<td>65%</td>
</tr>
</tbody>
</table>
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...

- **47%** share with other marketing teams
- **29%** share with sales teams
- **30%** 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...

<table>
<thead>
<tr>
<th>Less Confident</th>
<th>More Confident</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term Marketers</td>
<td>Long-term Marketers</td>
</tr>
<tr>
<td>Marketers who only share with other marketers</td>
<td>Marketers who share with cross-functional partners</td>
</tr>
<tr>
<td>Healthcare marketers</td>
<td>Technology &amp; Professional Services marketers</td>
</tr>
</tbody>
</table>
The Solution
Marketers should adopt long-term measurement mindset

1. Define and measure ROI over the length of your sales cycle
2. Define the differences between ROI and KPIs
3. Educate and share with partners and stakeholders
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
Define the differences between ROI and KPIs

2. 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)
The “short” of things: **Monitor with KPIs**

<table>
<thead>
<tr>
<th>Awareness</th>
<th>Consideration</th>
<th>Conversion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impressions</td>
<td>Social Engagement</td>
<td>Leads Created</td>
</tr>
<tr>
<td>Reach</td>
<td>Company Followers</td>
<td>Conversion Rate</td>
</tr>
<tr>
<td>Ad Recall</td>
<td>Website Visitors</td>
<td>Cost per Lead (CPL)</td>
</tr>
<tr>
<td>Frequency</td>
<td>Time Spent, Page Views, and/or Bounce Rate from Website</td>
<td>Cost per Action (CPA)</td>
</tr>
<tr>
<td>Brand Awareness Lift</td>
<td>Open Rate</td>
<td>Lead Quality Score</td>
</tr>
<tr>
<td>Favorability Lift</td>
<td>Cost per Click (CPC)</td>
<td>Website Conversions</td>
</tr>
<tr>
<td>Consideration Lift</td>
<td>Cost per View (CPV)</td>
<td>Offsite Conversions</td>
</tr>
<tr>
<td>Association Lift</td>
<td>Click-Through Rate (CTR)</td>
<td></td>
</tr>
<tr>
<td>Share of Voice</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand Sentiment</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2. Define the differences between ROI and KPIs
Remember that ROI is just one metric...

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

ROI is a trailing indicator of past performance

And success can be demonstrated in many ways...

- Customer Lifetime Value
- Marketer Productivity
- Total Revenue
- Cost Savings
- Customer Satisfaction
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
LinkedIn Marketing Solutions

This report has been produced by LinkedIn Marketing Solutions in 2019. To learn more about this research, check out our research hub or contact your LinkedIn sales representative.

LinkedIn is the world’s largest professional network with 660+ million users in more than 200 countries and territories worldwide. Visit our website to learn more.