



The summer has been hot. When I say hot, I mean melt-your-face-off hot.

Speaking of hot, how are your marketing efforts fairing this year? Has your return on investment (ROI) been so good it's hot?

If not, here are some pointers.

What's Marketing ROI?

Marketing ROI is simply the extent to which marketing activities add value to the company's bottom line. It measures the amount to be attributed to marketing activities, as compared to how much they cost in terms of direct and indirect costs, over a set period of time. It makes use of several different statistical metrics, such as:

- average order
- average sale
- dollar volume
- average ticket price, and
- total cost.

It is dependent upon many factors, such as the quality and type of the media being used, the competition level, and the nature of the products or services being sold. It can also be influenced by the company's financial capabilities, its market reach, and the quality of its customer relations.

“72% of companies attribute their success to keeping tabs on their content marketing ROI.” [Lauro Media](#)

Best Practices

Some of the best ROI measuring practices include defining the product’s or service’s “niche,” analyzing target markets, creating multiple campaigns to reach them, and monitoring results. Other methods include the incorporation of social media into a marketing strategy, examining the return on investment by analyzing advertising statistics, conducting market research, and monitoring customer satisfaction levels.

The Formulas

Another method for measuring marketing ROI is to use complex, mathematical formulas. These formulas were originally developed for the purpose of predicting the effectiveness of a marketing campaign. These formulas are usually used to determine whether a campaign is meeting its goals, the return on investment, and whether the campaign is expensive or profitable.

Here are some examples:

Social Media Key Performance Indicators and When You'd Use them

KPI	When to focus on it.	Formula
Reach		
Branding, new product promotion, and/or content success.		
<i>Post</i>	How many people have seen your post since it went live?	$\text{Post Reach Percentage} = \text{Post Views} / \text{Total followers} \times 100$
<i>Impression</i>	How many times did your post show up in someone's feed or timeline?	
<i>Audience Growth Rate</i>	The number of new followers or fans you get at the end of every month.	$\text{Growth rate percentage} = \text{New followers} / \text{Total followers} \times 100$
<i>Social Share of Voice (SSOV)</i>	Brand exposure based on social media conversation and defines your position in your industry.	$\text{SSoV Percentage} = \text{Your Mentions} / \text{Total Mentions} \times 100$
Engagement		
These "vanity" metrics help you develop content and define media type for your target market.		
<i>Avg. Engagement Rate</i>	Measures shares, comments, and likes in relation to your number of followers.	$(\text{Likes} + \text{Comments} + \text{Shares} / \text{Followers}) \times 100$
<i>Amplification</i>	Shows how your followers care and share your content with their people.	$(\# \text{ of post shares} / \# \text{ of followers}) \times 100$
<i>Virality</i>	The number of people who shared your post relative to the number of people who had a chance to see it	$(\# \text{ of shares} / \text{impressions}) \times 100$
<i>Applause Rate</i>	How many people are clapping, liking, or favoriting your posts, relative to your total followers.	$(\# \text{ of liked} / \# \text{ of followers}) \times 100$
Conversions		
Sales, lead generation, event registration, anything tied to \$\$		
<i>Conversion Rate</i>	How many visitors take the action you asked them to?	$(\text{post conversions} / \text{clicks}) \times 100$
<i>Click-Thru Rate</i>	What's the rate people click on your call-to-action (CTA) links?	$(\# \text{ of clicks on a post} / \text{impressions}) \times 100$
<i>Bounce Rate</i>	People leave page without completing the call to action	
<i>Cost-Per-Click (CPC)</i>	How much are you paying, per click, on your sponsored social media post, for a specified time period?	$\text{Total Ad Spend} / \text{Total Measured Clicks}$
<i>Cost Per Thousand (CPM)</i>	This is the amount you pay after 1,000 people scroll past your sponsored post.	$(\$ \text{ spent} / \# \text{ of impressions}) \times 1000$

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If you're not meeting your marketing ROI, there may be a few things to consider:

1. Do you have the right market defined?
2. Is the geography too large or too small?
3. Are you spending enough (budget) to make it effective?
4. What happens when a person clicks on the content?
5. What does the landing page look like?
6. Would you buy from you?
7. Does the marketing initiative tie directly to a business goal?

Marketing ROI is possible to demonstrate, even for B2B campaigns. If you're not skilled creating campaigns, that might be the first hurdle to overcome.

Is Your Marketing ROI Melting?

Work with an [experienced marketing pro](#) to help you create the campaign; conduct the research to define the target market and set the budget; and execute and optimize it for maximum return.

Additional Resources

- [15 Ways To Show Marketing ROI Beyond Sales Revenue](#)
- [7 tips on how to boost your marketing ROI](#)
- [How to Demystify the Process of Measuring Content Marketing ROI](#) [Video Show]