

B2B Media Campaign ROI Measurement

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Topics

Recommendation on B2B Media Measurement

Tips and Approach

How to Execute Insights with Media Partners

Q&A

Where should the company invest the next media dollar?

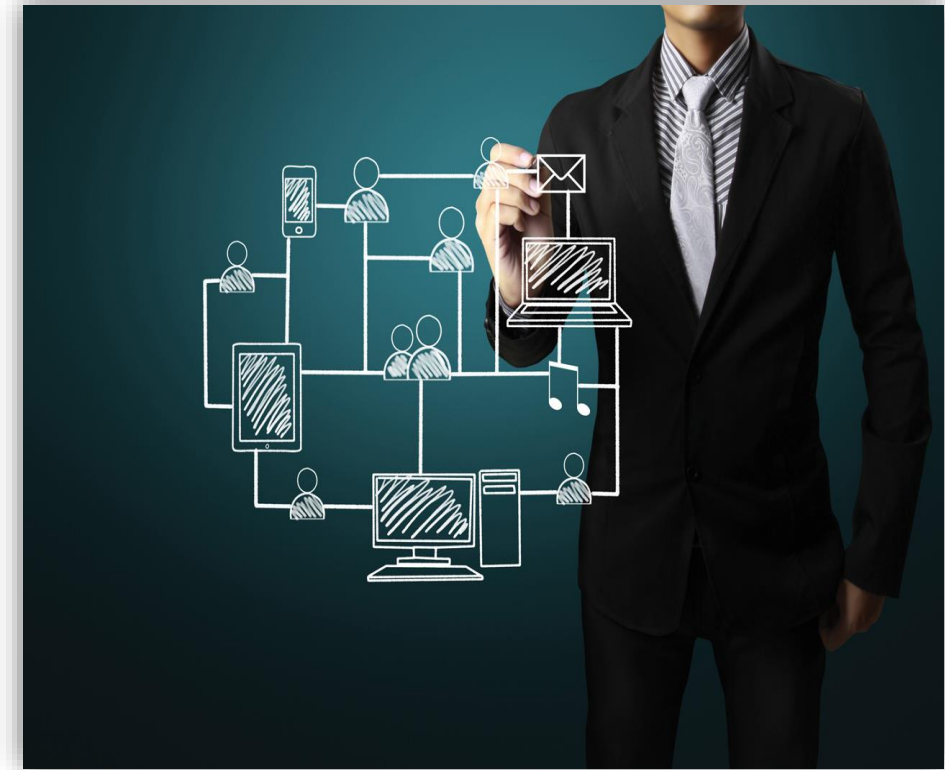
Common Challenges with B2B Media Measurements

 Takes a long time to recognize revenue

 Measurement is different across products

 Difficulty sharing signals with media partners

 Hard to create optimization 360 feedback loop



How to Look at B2B Media Measurement

$$\frac{LTV}{CAC} = \text{Media Spend ROI}$$

How to Look at B2B Media Measurement

$$\frac{LTV}{CAC}$$

CAC – Customer Acquisition Cost

Considerations:

- Working media spend?
- Content/Creative cost?
- How granular can the team realistically optimize at?

How to Look at B2B Media Measurement

$$\frac{\text{LTV}}{\text{CAC}}$$

LTV – **Lifetime Value** of customer

Considerations:

- How many years? (short term vs long term)
- What are the variables that make the LTV value?
- What are the steps from media KPI to the business impact used in LTV?
- What other cost or fees should be accounted for?

Secret Sauce - How to Make the Math Work for You

What to do when the product LTV from Finance is at a different level than media tags?

Example

Product A LTV is based on 2 years of usage where user buys the initial product and upgrades to premium service that has a monthly service fee.

Product A LTV		Upgrade to Premium ratio		% of users who keep product		Internal cost and fees		Media driven purchase LTV		Media conversion
\$1000	X	50%	X	90%	=	50	=	\$400	Web Purchase of Product A	



There's more limitation on what signals media campaigns can use

Be creative with getting to a LTV that works for Media and not the other way around

Tips and Approach

Which Product Would You Invest More with Media Dollars?

- Marketing has a budget of \$10K for media to spend, how would you help inform the team on their decision?

Product A $LTV_{(media)}$: \$400
CAC: \$100



VS

Product B $LTV_{(media)}$: \$300
CAC: \$50



Which Product Would You Invest More with Media Dollars?

Product A $LTV_{(media)}$: \$400
CAC: \$100



LTV/CAC is 4x

Product B $LTV_{(media)}$: \$300
CAC: \$50



LTV/CAC is 6x

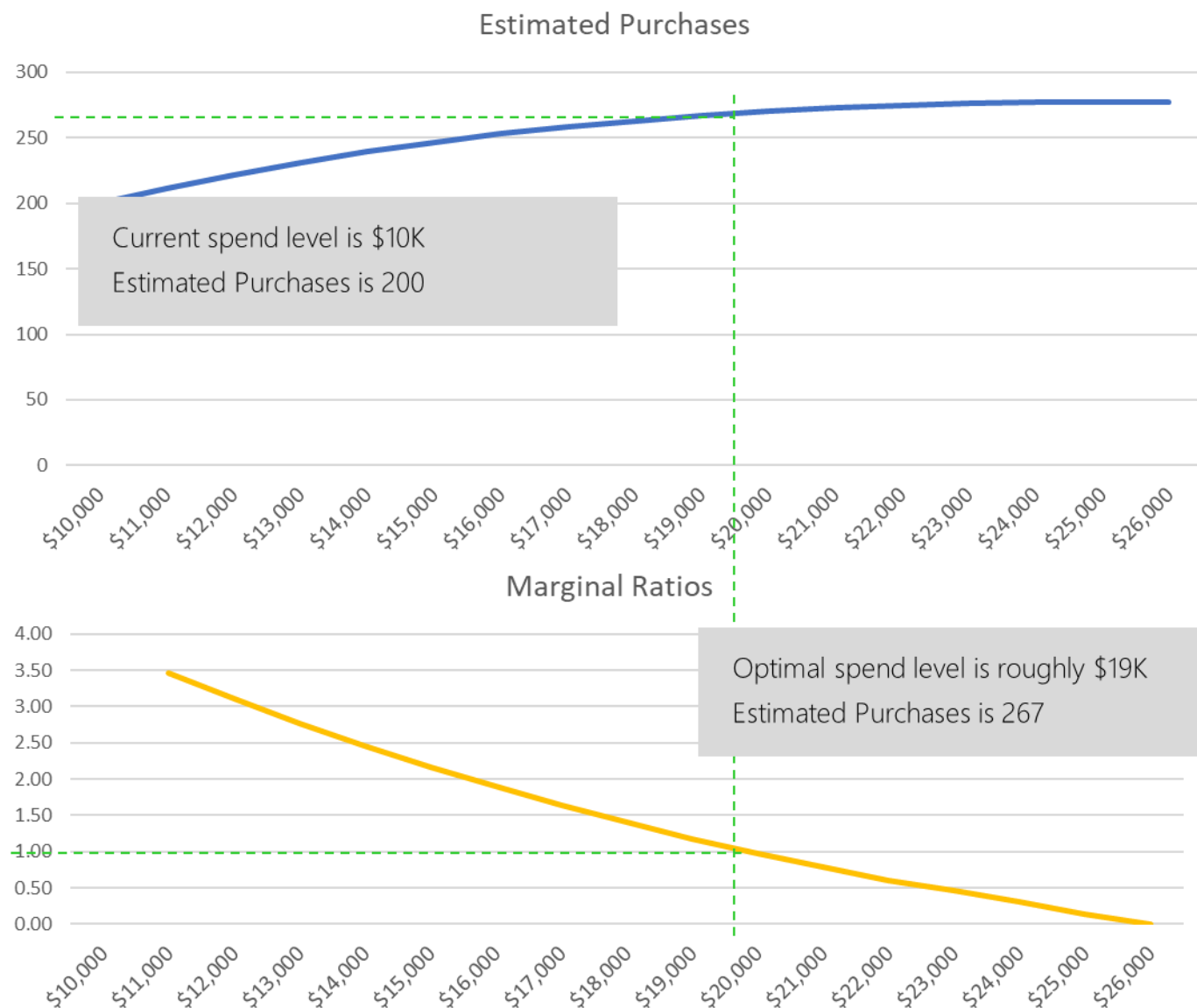
Further analysis would show that with the \$10K media budget...

- Investing in Product A would result in an estimated 100 purchases with total of \$40,000 in LTV
- Investing in Product B would result in an estimated 200 purchases with total of \$60,000 in LTV

Example Views of LTV/CAC Approach

Projected Spend	Estimated Purchases	Incremental Purchases	LTV per Purchase	Marginal LTV/CAC Ratio
\$10,000	200	-	\$300	-
\$10,000 + \$1,000	212	12		3.46
\$10,000 + \$2,000	222	10		3.11
\$10,000 + \$3,000	231	9		2.77
\$10,000 + \$4,000	239	8		2.46
\$10,000 + \$5,000	247	8		2.17
\$10,000 + \$6,000	253	6		1.90
\$10,000 + \$7,000	258	5		1.64
\$10,000 + \$8,000	263	5		1.40
\$10,000 + \$9,000	267	4		1.18
\$10,000 + \$10,000	270	3		0.97
\$10,000 + \$11,000	273	3		0.78
\$10,000 + \$12,000	275	2		0.60

Where the budgets currently are
Where we can spend up to base on mLTV/CAC ratios



To simplify the views, there are decimal points not show in graphs and tables

Common Pitfalls

PLANNING



- There is no single KPI, it's a balance between ROI and Total LTV

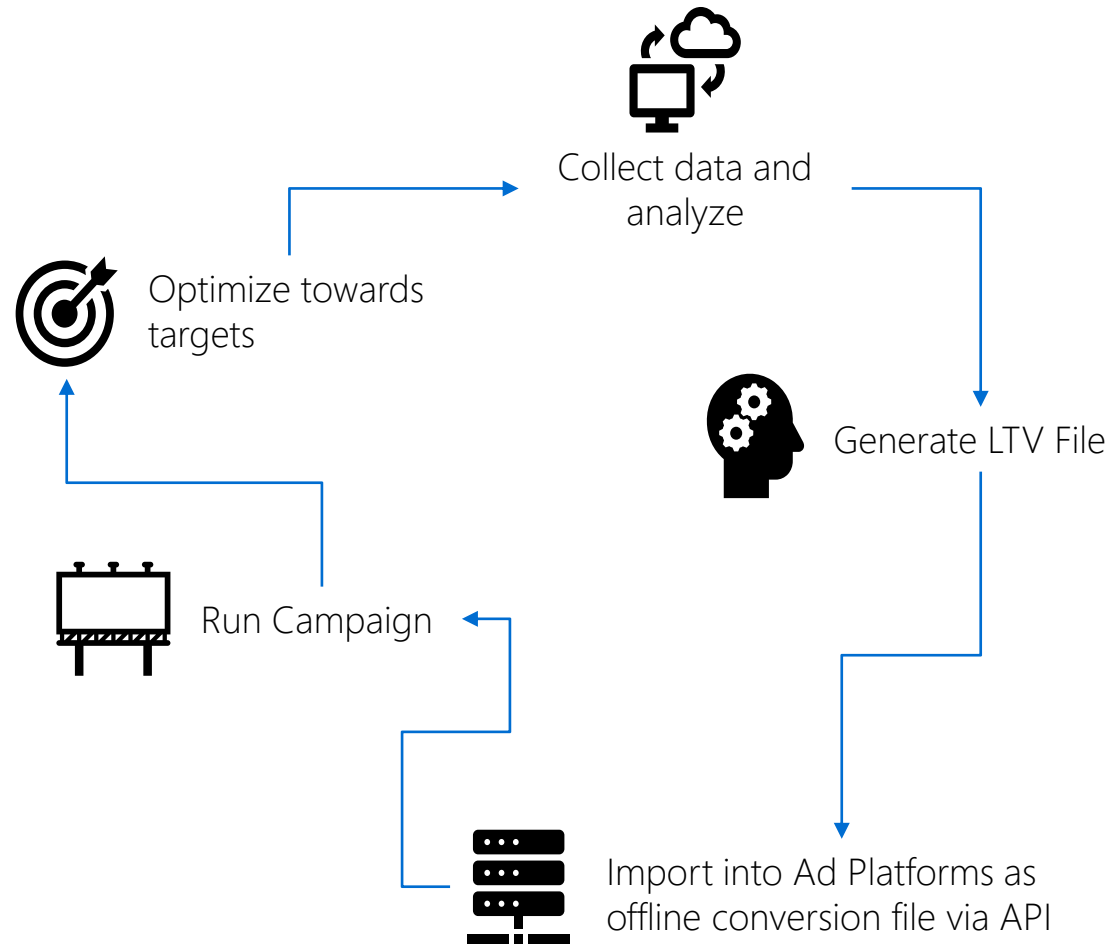
- During Planning: the focus should be to maximize Total LTV
- Ensure with any budget change the forecasted media "marginal LTV/CAC" is above your targeted ratio

- Post campaign launch: optimize towards better LTV/CAC ratios than media forecasted







What next after we figure out the marginal return curves?

Optimizing Towards LTV/CAC with Media Partners and Agency



1. Set target LTV/CAC ratios to hit during campaign planning and share with media agency
2. Utilize offline conversion data feeds to ad platforms
 - Most partners have an API or manual upload function in place
3. Set up reporting structure to analyze the media performance data
4. Re-evaluate where the campaign stands in the marginal return curve
 - Is the campaign driving the expected results?
 - Can the campaign take on more or less spend?

Key Takeaways

-  LTV/CAC is an alternative approach to measure B2B media campaigns (vs traditional CPA that doesn't tie back to business impact)
-  Digital Analysts are considered important advisors and share the same accountability of business performance as Marketing teams
-  There's no single KPI, it's balance between LTV/CAC and total LTV driven
-  Be sure to set up parameters and process with media partners to optimize towards LTV/CAC and total LTV

Q&A

Thank you for joining us and attending the DAA Seattle Symposium today!