Percolate

Getting the Most Out Of Your Marketing Analytics

The five building blocks of a marketing analytics plan

Goals | **Hypothesis** | **Experiment** | **Metrics** | **Results**

GOALS

Marketing analytics is not about passive measurement of a few key metrics. Marketing analytics is about grounding your marketing strategy in a comprehensive analytics plan that is aligned with the business goals of your organization. For example, a goal for your marketing team might be to increase the velocity leads moving through the funnel. Having a structure to your plan and your thinking, starting with business goals, will keep you and your team organized and prevent confusion.

HYPOTHESIS

A hypothesis is a statement that you believe is true. The reverse of a strong hypothesis is a good question. For example, does increasing the frequency of email cadence improve conversion rate? A strong hypothesis should map back to your goals.

RESULTS

Marketers struggle most with interpreting the results of their experiments. Understanding results means being able to understand what was proven, and what wasn't. You then need to communicate your results in terms that can be understood within the business goals.

EXPERIMENT

Your experiment is your approach for testing your hypothesis. Through the process of comparison, you determine whether or not your hypothesis was true. For example, in a classic A/B test you would change one variable (say, the subject line of an email) for Group A and then compare that group's performance to another group, Group B, where that variable was not changed. The difference in performance between groups would tell you whether your hypothesis was correct.

METRICS

Metrics are how you measure the outcomes of your marketing and your marketing experiments. These metrics should be things not just marketing feels are important, but that the entire business leadership team feels are valuable.

MARKETING EXPERIMENT EXAMPLE

Setting a Goal

You are a large retailer. Your marketing goals are to increase shopping cart conversions and decrease time-to-purchase. These goals align with the business goals of increasing sales.

Hypothesis

You are a larger retailer, so most of your users land on your homepage. Your hypothesis is that if you put a large checkout button in the upper right corner of your homepage next to banner advertising a sale, you will increase conversions and decrease time-to-purchase.

Experiment

You want to understand whether this new version of your homepage performs better than your old version, so you use a tool like Google Analytics to select random groups and send them to either page in a classic A/B test.

Metrics and Results

The main metric you are interested in is shopping-cart conversions. The secondary metric of interest is time-to-purchase. Your results indicate that the change both increased conversions and decreased time-to-purchase. You then communicate this result to the business team.

MARKETING EXPERIMENT CHECKLIST

- ○ **Have you set appropriate goals for your marketing analytics?**
  These goals should map to the business goals of the organization agreed upon by the executive team.

- ○ **Do you have a reasonable hypothesis that you can test with your marketing analytics?**
  If the goal is to increase the velocity leads move through the sales funnel, your hypothesis should be a statement that is testable with the tools you have and the data you can collect. Your hypothesis should clearly map back to the marketing and business goal.

- ○ **What are the variables you want to use in your marketing analytics experiments?**
  Variables include metrics (independent variables) like leads, conversions, click-through-rates, etc. Variables also include the things you are changing (dependent variables). Subject lines, landing page copy, design changes, changes or additions in messaging, cadence, personalization - these things and more can all be dependent variables. For the non-technical marketer, beware of testing too many dependent variables as the statistics and results increase in complexity.

- ○ **Do you have the right tools to run and understand your experiments?**
  Tools like Google Analytics, Optimizely, and Percolate can give you different insights into your customer lifecycle, from website traffic to marketing consistency. The main point here is that whatever you want to measure, needs to actually be measurable.

- ○ **Have you decided upon the appropriate sample size for your marketing experiment?**
  Sample size refers to how many people you need in each group (for example in an A/B test you would have two groups) to test your hypothesis. Most marketers make mistakes here where they look at the results of an experiment too soon, significantly decreasing the accuracy of their results.

- ○ **Can we measure or see a change in brand lift, preference or customer buying behavior?**
  Is there a change in any of your reporting metrics that you can attribute to your marketing experiment?

- ○ **Did customers, prospects or other consumer audiences provide any feedback on specific elements that the experiment touched?**
  What feedback did your sales, retail, social or client service team(s) collect during the experiment? Are there monitoring and listening insights that can offer rich qualitative data on how the experiment affected customer experience?

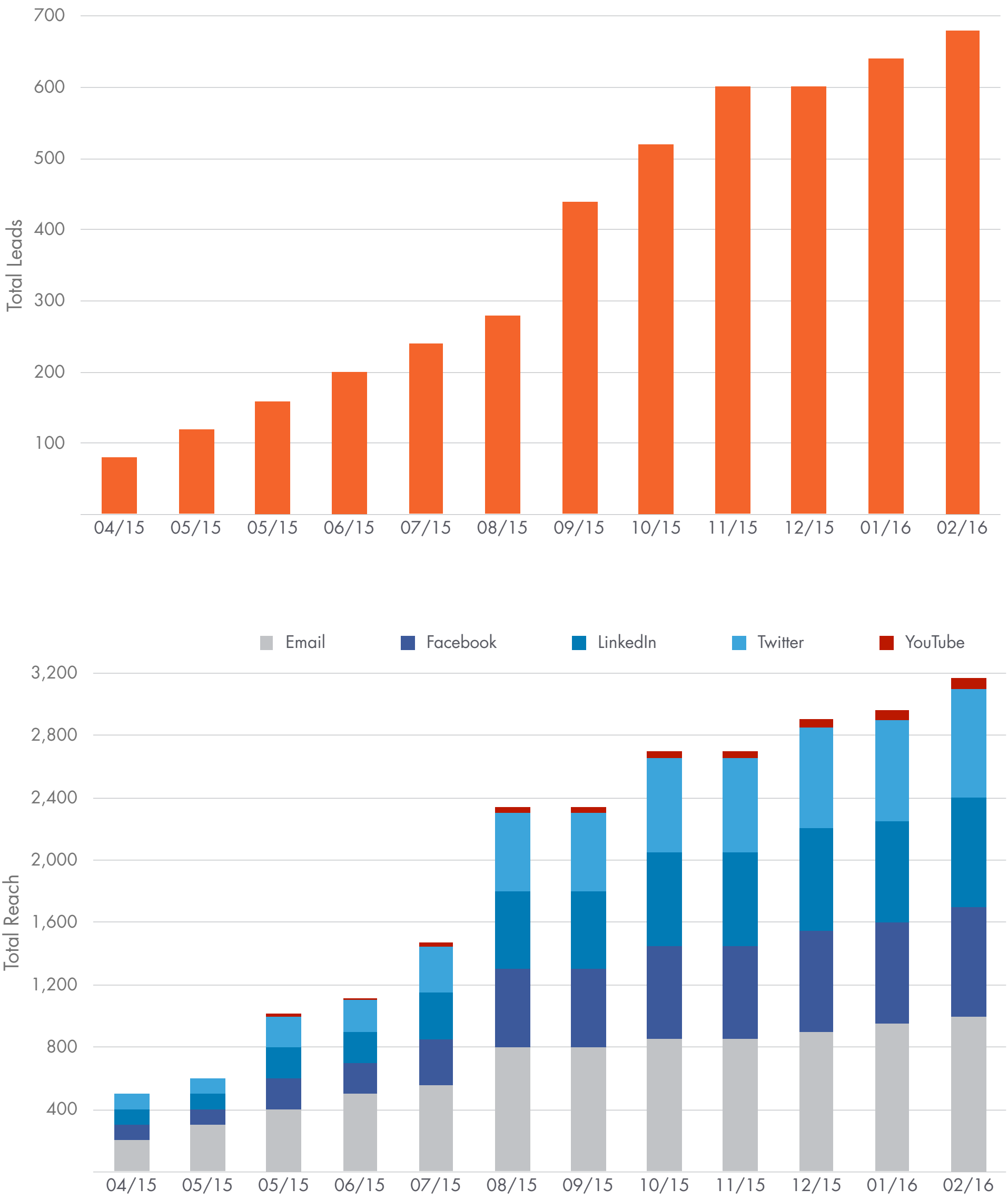
- ○ **Did the experiment achieve a sustained change in business or only short-term impact?**
  How did your experiment contribute to your larger business strategy and success roadmap?

MARKETING ANALYTICS TEMPLATE

Goals	Hypothesis	Experiment	Metrics	Results

MARKETING GRAPHS TEMPLATE

Charts are effective ways for senior marketers to both understand and tell stories around how their marketing experiments have impacted the goals of the business. Accompanying this analytics template are spreadsheets with formulas to help you create powerful charts like the ones below.



MARKETING GRAPHS TEMPLATE