INSIGHTS

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From clicks to customer value
5 Steps to measuring the real value of marketing campaigns

We are in an era where every penny counts. Departments across businesses are feeling the pinch as budgets tighten – and marketing is too often first on the chopping block.

Preceding the pandemic, average marketing spend was around 11% of total revenue, but that's dropped to an anaemic 7.7% in 2024.

With finances under scrutiny, businesses are only willing to spend on areas where they can see measurable returns. Marketing is often still typecast by senior stakeholders as a discretionary expense, rather than integral to customer acquisition and loyalty. To avoid the swing of the scythe, marketers must use metrics to transform perceptions of campaigns from cost to growth driver.

Vanity metrics: Short-term gains, long-term losses

The main challenge hindering the measurement of marketing campaigns is the lack of planning. Many marketing teams don't even consider their measurement strategy until a campaign has ended. But trying to retrofit metrics leads to an inaccurate or inflated depiction of success. This is because with the numbers in front of them, teams are more likely to select figures that paint a favourable picture of a campaign for their upcoming board meeting, rather than analysing long-term value to the business.

One such 'vanity metric' is the number of clicks in email-based campaigns. While high clicks might seem positive, this metric fails to capture the full customer journey and all touchpoints. For example, whether the customer has also been influenced by social media posts or direct mail. Additionally, clicks only depict short-term gains, failing to capture subsequent transactions and therefore missing the bigger picture of long-term customer value.

'Number of new customers' is an equally flawed metric, especially for sign-up offers like 10% off a first purchase. As well as not accounting for long-term value, this metric is skewed by consumers setting up multiple emails to get multiple discounts. While 500 new emails might have made a purchase over 2 months, this could only represent 400 individuals who only buy with discounts.

Some businesses lack a centralised customer database entirely, making it difficult to match individuals, purchases and campaigns. Without this link, marketers struggle to determine which initiatives are driving results. As campaigns span more channels, this data challenge becomes more complex.

> *Gathering campaign data itself also presents a significant challenge. Many businesses' customer data platforms contain errors, with up to 28% of customer records having mistakes with names and addresses.*

5 steps to master marketing metrics

Addressing these challenges requires a fundamental shift in how campaigns are measured—from a reactive approach to a strategic, data-driven one. Here are 5 steps to achieve this:

1. Define long-term value and goals for your business

Marketing needs to prove campaigns are helping the business achieve its strategic business goals – not just win generic 'clicks'. This requires defining long-term value, which varies for every business. Travel agents might aim to increase the spending of existing customers via optional extras. Retailers want to build loyalty and encourage recurring purchases. Insurers strive to reduce churn. Whatever long-term success looks like, these goals should steer the measurement strategy.

2. Decide your metrics and what data you have available

The next step is selecting the metrics that align with broader objectives and are supported by available data. Marketers should only choose metrics that are realistic for their data maturity. Some businesses will have real-time insights into purchases and clicks while others might have to do some manual work to get a complete picture of customer behaviour. Beware of misleading metrics; for example, 'Recency, Frequency, Value' (RFV) in retail can overvalue customers who only purchase using discounts and contribute low margins.

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3. Understand all the touchpoints before checkout

Isolating one campaign from the influences of others is becoming more complex as the number of channels increases. To get more granular data on the value of each channel, marketers must understand all the possible touchpoints with consumers. Have you also sent a leaflet? Is the customer on the email list? Could they have seen a TV advert? With this information, it's then possible to use a match-back strategy to trace a purchase back to the channel it most likely came from.

4. Stress test your measurement strategy and processes

Ensure the accuracy and reliability of your metrics by stress testing your measurement strategy. Start by evaluating data collection and management – is data set up for discovery and analysis? Are gaps making match-back impossible? Marketing also needs to prove to stakeholders they are investing in targeting the right customers. A good test for this a control cell: measure the success of the campaign against your target customers vs a randomly selected group. If your targeting is correct, you should see an uplift from the targeted audience selection.

5. Check in at sensible intervals

The final step is to set expectations on how long it will take to see ROI from a campaign. There's usually an immediate uplift in search and web visits after a campaign, but purchases often take longer to trickle through. A cruise company might take years to see a boost in bookings as people save up, whereas insurers might be tied to renewal dates. Choose the intervals that are sensible for your business model.

Secure marketing's seat at the table

As belts continue tightening, marketing can no longer be creative first, numbers second. Quickly choosing metrics to survive a board meeting isn't enough anymore – marketers must prove they drive sustainable growth and customer loyalty. By following these 5 steps, marketing teams can ensure their efforts are both measurable and aligned with business goals. This shift from reactive to strategic measurement will secure Marketing's seat at the table and safeguard its budget and future within the business.

About Sagacity

Data makes the world go round. Every day, we generate it, use it, consume it, and demand it. At Sagacity, we are all about the intelligent use of data. We work with some of the country's leading brands to support them in making wise decisions powered by data. We help them transform their customer data into a structure they can use, enabling them to improve it, make sense of it, and drive value from it.

We have delivered consistent success and ROI for our clients through new customer acquisition, customer management, onboarding, and ongoing development, to ensure every consumer is treated like an individual.

Data can reveal the full picture and we join the dots. Get in touch to find out how we can help your business address its current challenges.

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