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Content Marketing ROI: Quantifying the Value of the Difference

Adoption of content marketing is no longer measured by if it has an impact on marketing results, but by how much. In highly competitive markets, firms know that they must not only compete on strategy, talent, service, and product excellence, but on the ability to engage buyers with highly informative or highly entertaining content (and sometimes both). But what is the measurable business value of content marketing and, more importantly, what is the value of doing content marketing right? Using data collected from 96 marketing practitioners, including 81 companies using content marketing, in April and May 2013 as part of Aberdeen's pending *Content Marketing and Management* study, this Analyst Insight examines the incremental improvement in key marketing conversion metrics enjoyed by content marketing and management Leaders (see definition of Leaders maturity class in sidebar on page 2) to quantify a return on content marketing investment.

ROI for What?

To understand what return on investment for content marketing really means it's helpful to first understand why firms embrace it. Aberdeen's research shows that a large majority — 62% — of companies prioritize lead generation or customer acquisition as the *primary* objective of their content marketing efforts, followed by 27% who indicate brand awareness and thought leadership and 11% who indicate customer retention as their primary objectives. This provides helpful context when we observe that incorporating content marketing into nurture-based marketing campaigns is the strategy adopted most frequently by Leaders (Figure 1). This teaches us that the ROI of content marketing should be measured based on the impact of content on the customer acquisition or lead generation process. In other words, conversion rates are (still) king.

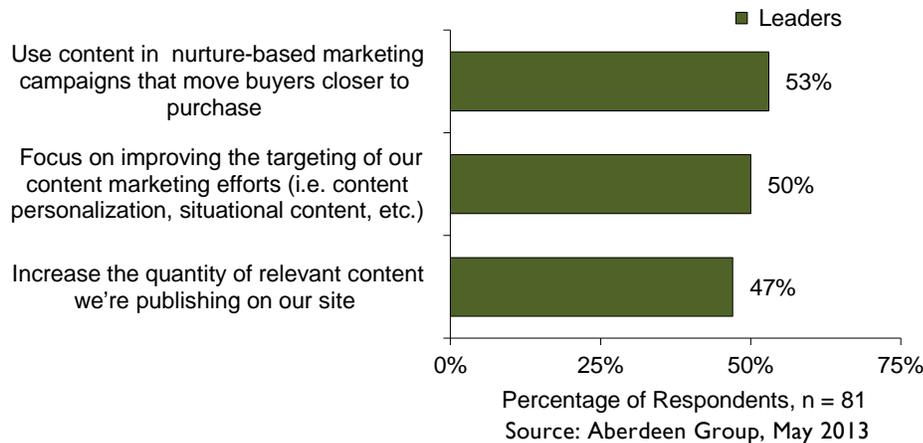
Analyst Insight

Aberdeen's Insights provide the analyst perspective of the research as drawn from an aggregated view of research surveys, interviews, and data analysis.

Content Marketing Defined

Content marketing is the use of media to entertain, educate, or otherwise engage prospects and customers to generate a *value-added interaction* for branding, retention, and/or customer acquisition.

Figure 1: Top Three Content Marketing Actions by Leaders



Moreover, the use of content in nurture-based marketing reflects the nature of the modern buyer’s journey and heightened expectations of empowered consumers. In the B2B context, Aberdeen’s June 2012 [Marketing Lead Management: From the Top of the Funnel to the Top Line](#) report shows that prospects receive an average of 10 marketing touches from the time they enter the funnel as a suspect until they’re a “closed-won” opportunity. Content provides the fuel for these interactions as well as the opportunity for prospects to express their interest and buying intent through engagement with the content. For example, an individual who downloads your whitepaper, visits your blog regularly, and completes the interactive assessment on your website is clearly interested in the information you’re providing and more likely to be ready for direct sales engagement. In many ways, content marketing represents the “alchemy of intent:” the ability to convert interest into a sellable business need without ever really selling in the traditional sense.

The other top strategies of Leaders largely tell the story of how these firms approach the use of content in nurture marketing by focusing on the quality of content, through increased targeting and personalization, and by increasing the quantity of relevant content. But execution on these poses significant challenges for organizations, as we’ll see below.

The Content Marketing Spirit is Willing, but...

While 85% of companies actively use content marketing, there is a significant execution gap between the perceived value of various content marketing activities and the ability to execute these functions at a high level. This gap is illustrated in Figure 2 below, in which the percent of firms ranking a particular activity as valuable or very valuable (4 or 5 on 1–5 scale of value) is plotted against the percent of firms ranking their firm’s execution of the activity as effective or very effective (a 4 or 5 on 1–5 scale of effectiveness). So while 92% of firms say producing high-quality content is valuable, just 54% of them rank their ability to execute this activity as

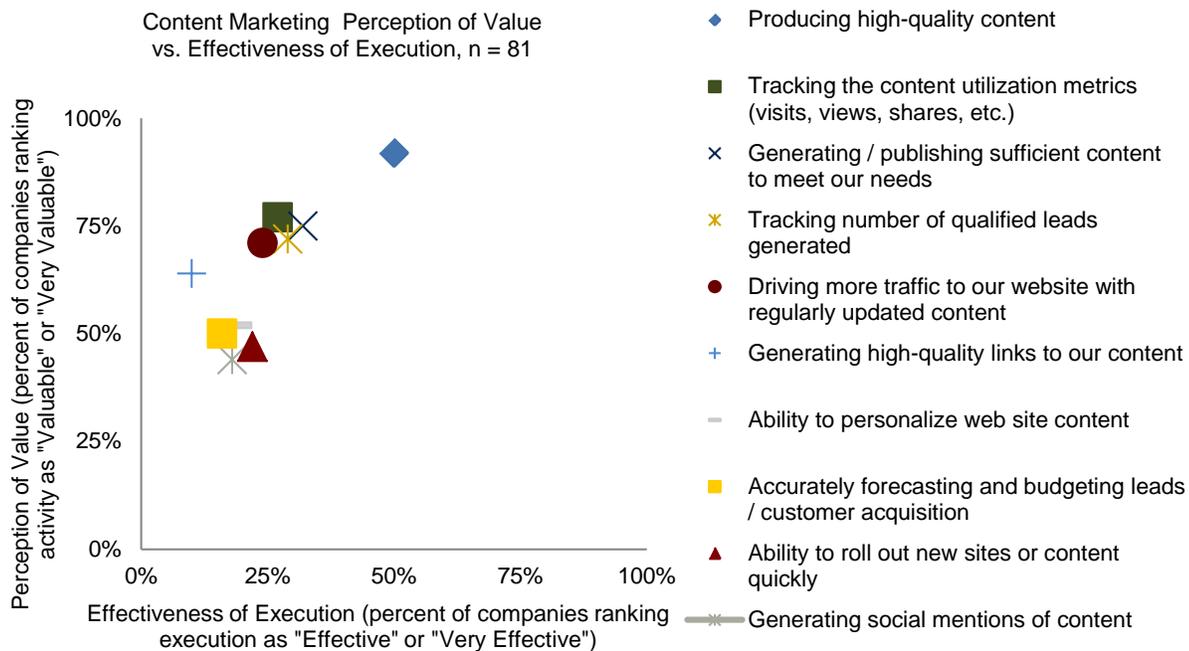
Defining the Leaders in Content Marketing and Management

Aberdeen used four key performance criteria to distinguish the Leaders (top 35% of aggregate performers) from the Followers (bottom 65%). Leaders achieved the following performance metrics:

- ✓ 15.4% year-over-year company revenue growth vs. 1.6% for Followers
- ✓ 19.7% year-over-year increase in unique site traffic vs. 2.5% increase for Followers
- ✓ 3.7% Average website conversion rate vs. 2.9% for Followers
- ✓ 10.2% year-over-year growth in marketing’s contribution to revenue compared with 1.6% growth for Followers

effective. We also see significant gaps around the ability to track and measure content effectiveness, while activity like personalization of website content see effectiveness scores below 25% of companies, despite over 50% of companies saying it's valuable to achieving their goals. The takeaway: content marketing at a high level ain't easy.

Figure 2: The Content Marketing Spirit is Willing, But Execution is Weak



Source: Aberdeen Group, May 2013

It turns out that Leaders are more likely to break through these execution barriers, particularly in their ability to generate high-quality content and in tracking content impact. Seventy-seven percent (77%) of Leaders cite effectiveness in producing high-quality content compared with 51% of Followers. In the area of content measurement, Leaders are 78% more likely than Followers to cite effectiveness both in tracking content utilization metrics (48% vs. 27%) and lead generation from content (48% vs. 27%).

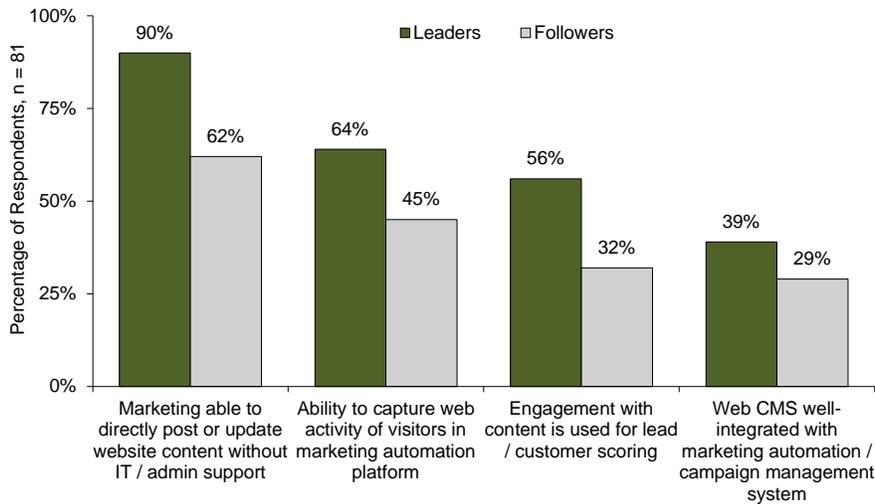
Success in content marketing obviously depends on a number of factors, from producing and/or procuring content in a variety of formats, aligned to the needs of the buyer in terms of job role and stage in purchase journey, to distributing content across multiple channels and optimizing for findability, and finally, tracking the impact of these efforts. Given the focus in content marketing on demand generation, much of the interaction with content necessarily takes place via owned digital channels in the form of landing pages, microsites, or the company website itself. This fact means that web analytics can also be extended to provide content analytics if managed properly.

Content Marketing Effectiveness Takes a System

As the platform for serving content, the web content management system (CMS) serves as the critical foundation for content marketing. Unfortunately, many CMS implementations are designed to serve static documents or pages that aren't updated frequently — essentially, glossy brochures stuck on the web with a contact form — limiting both the ability of marketing to post, update, and optimize content, and the ability to track and measure the impact of that content. With more and more of the selling process taking place in the *hidden sales cycle* where content marketing is designed to reach, the website really must become an interaction or engagement platform. A number of capabilities point to the efficacy of holistic thinking when it comes to the integration of the web CMS with the broader marketing application ecosystem:

First, and a trend identified in Aberdeen's June 2012 *Web Experience Management: From Content to Customer* report, Leaders are 45% more likely than Followers to give Marketing the ability to directly post or update content without the need for IT or site administrative support (90% vs. 62%). This capability allows Marketing to be more responsive in its content efforts, adding new content to support trending keywords, for example, or replacing under-performing content (provided they have the metrics to make such a determination, but more on that later). Second, Leaders approach their web experience as an engagement platform, more likely to capture web activity in the marketing automation platform (64% vs. 45%) and to use this engagement for lead or customer scoring (56% vs. 32%), as seen in Figure 3. This goes back to the notion that content marketing is the alchemy of intent, meaning that engagement with the content signals interest, and thus a higher likelihood of need (latent or otherwise). However, there is evidence that this system approach is primarily uni-directional; meaning firms are adept at pulling information from the CMS regarding content engagement, but significantly less likely to use information from the customer relationship management (CRM) or marketing system to inform content optimization. Leaders are 34% more likely than Followers to have their web CMS well-integrated with the marketing automation or campaign management platform (39% vs. 29%).

Figure 3: Content Marketing Effectiveness Takes a System



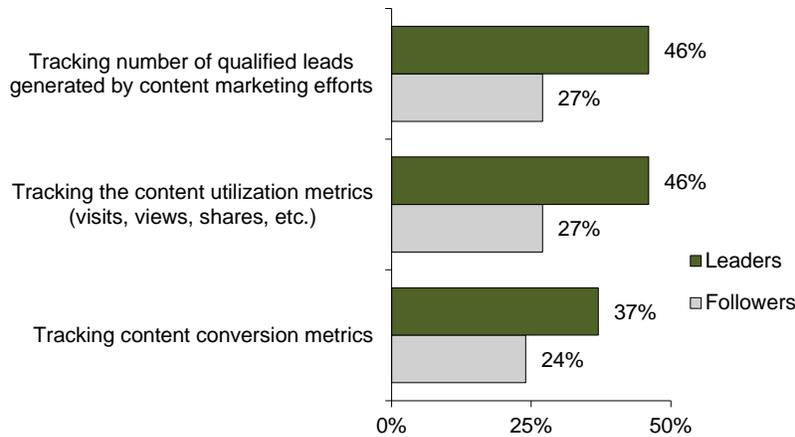
Source: Aberdeen Group, May 2013

In fact, just 14% of Leaders and 10% of Followers in Aberdeen’s survey have the ability to personalize site content to the visitor. However, a much higher percentage of companies focus on optimizing content at a less granular level by aligning content to key stages of the buyer’s journey and to their buying personas. For example, Leaders are 96% more likely than Followers to align marketing content to the marketing and sales funnel stage (53% vs. 27%).

Value of the Difference: The \$10,000 Question

As noted above, Leaders are more likely to effectively execute on a number of content marketing activities, including the ability to track the performance of content from a variety of perspectives, as seen in Figure 4. The data also shows that the systems approach increases the ability to track content performance. For example, companies with the ability to capture web activity in the marketing platform are more than twice as likely as other companies to cite effectiveness in tracking qualified leads from content marketing efforts (48% vs. 20%). By capturing content-related data in a marketing system, these firms can more easily track the downstream impact of their content. But what is that impact?

Figure 4: Leaders More Likely to Measure What Matters



Percentage of Companies "Effective" or "Very Effective" in Content Marketing Activity (4 or 5 on 1-5 scale), n = 81

Source: Aberdeen Group, May 2013

Aberdeen’s methodology provides a compelling model for measuring and quantifying the value of content marketing best-practices. This value can be measured in terms of conversion rates, or combined in a composite metric as we’ll see below.

Table I shows a comparison of key conversion metrics between companies using content marketing and those who aren’t. Keep in mind that 84% of the 96 survey respondent use content marketing, so while these metrics show impressive results for content marketing, such widespread adoption means companies need to do more than use content marketing to be successful, they need to use it well. This is why Aberdeen considered only content marketing users in the calculation of Leaders and Followers. This allows us to quantify the value of Leaders’ approach to content marketing. In terms of absolute conversion rates, the difference seen in Table 2 may seem subtle, but the impact is significant when considered in term of cost per customer acquisition.

Table I: Content Marketing Drives Higher Conversions

Current Performance	Content Marketing Users	Non-users
Average website conversion rate	2.9%	0.5%
Average email marketing click-through rate (CTR)	3.4%	1.8%
Conversion rate from marketing response to marketing-qualified lead (MQL)	7.6%	1.0%

Source: Aberdeen Group, May 2013

Using just website conversion and lead to marketing-qualified lead (MQL) conversion rates as variables (20% “plug” used for MQL-to-SQL and SQL-to-close rates), Table 2 shows unique site traffic and marketing responses needed by Leaders and Followers to generate a customer. When these metrics are considered in terms of per customer acquisition cost, the difference between Leaders and Followers — essentially the cumulative value of the best-practices adopted by Leaders — is \$10,000 (that’s \$10,000 per customer).

Table 2: Value of the Difference — Counting Waterfalls

Performance Metric	Leaders	Followers
Average website conversion rate	3.7%	2.9%
Conversion rate from marketing response to marketing-qualified lead (MQL)	10.5%	7.1%
Website traffic needed to generate a closed-won opportunity	6,345	12,243
Marketing responses needed to generate a closed-won opportunity	237	350
Per customer acquisition cost (based on average cost per marketing lead of \$88)	\$ 20,883	\$ 30,812

Source: Aberdeen Group, May 2013

Recommendations

Despite widespread discussion and adoption of content marketing, there’s a clear execution gap, both between the activities companies see as valuable and their ability to execute on them, and this correlates directly with the resulting marketing effectiveness of Leaders and Followers. Leaders close this execution gap by focusing on the alignment of content and taking a systematic approach to the way content is measured, particularly via the web content management system.

Whether you’re among the 79% of companies taking steps to improve on the execution of content marketing, or even one of the 21% of firms with a robust initiative in place, consider the following recommendations:

- **Nurture, not nature** — Today’s modern marketer knows that good leads aren’t born that way, they’re made. Content marketing is the “alchemy of intent,” converting mere interest into sales-ready leads.
- **Think holistically** — Effective content marketing requires a holistic perspective that aligns content to both the buyer’s journey (i.e., their stage in the process) and their role or persona.
- **Think systematically** — A large percentage of content interaction occur via the corporate website. Unfortunately, many

web CMS implementations weren't built with content marketing in mind. Leaders are more likely to link the CMS with their marketing system to better track content performance, and a rare few drive personalization. Firms should think systematically about content marketing and how integration across these systems can optimize the content experience.

- **Measure what matters** — While use of content marketing for demand generation is the primary focus for the majority of firms, only 64% of Leaders and 52% of Followers track conversion rates associated with content (favoring inbound referral, search, and utilization metrics). While inbound traffic and search ranking are certainly important metrics, think of content like marketing offers and measure the incremental lift that specific content types or specific content provide in terms of conversion rates as well.

For more information on this or other research topics, please visit www.aberdeen.com.

Related Research	
<i>Publish or Perish: Content Marketing is the New PR</i> ; March 2013 <i>Content Marketing Comes of Age</i> ; October 2012 <i>Lights, Camera, Call-to-Action: Trends in Video-based Marketing</i> ; September 2012	<i>Search Management Drives Higher Conversion, Lower PPC Costs</i> ; August 2012 <i>Web Experience Management: From Content to Customer</i> ; June 2012 <i>Search Meets Social</i> ; May 2012
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