RBMA

MAY-JUNE 2019

bulletin

RADIOLOGY BUSINESS MANAGEMENT ASSOCIATION ■ VOLUME 54 ■ ISSUE 3

- What You Think I Said is Not What I Meant… and Other Observations About Email
- Small Town Strong
- Clarification of the “Incident to” Rule as it Applies to the Radiologist Assistant and Other Non-Physician Practitioners

Operations Management and Human Resources

ROI Alphabet Soup

BY KIM KELLEY, FRBMA

ICYMI measuring and reporting on the ROI of marketing activities is nothing to LOL about. Calculating marketing ROI requires you to decide which metrics matter most. Then you need to communicate that information in an easy-to-digest format that is meaningful for the organization as a whole. Doing so allows you to shift from referring to marketing as an 'expense' to the more powerfully proven 'investment.'

KEY:

ICYMI—In case you missed it
LOL—Laugh out loud
TYT—Take your time
GR8—Great
OTOH—On the other hand
DIY—Do it yourself
IDK—I don't know

To get to this point, TYT to understand the meaning behind the metrics, formulas, and when to apply them. With this information, you can determine how much to budget for a campaign and how to spread that spend across various channels.

Calculating marketing ROI is an exercise you'll repeat frequently. If you've already determined meaningful metrics—GR8. If you feel like you're swimming in a sea of acronyms, here are a few that I think will put you on the right track.

CAC-customer acquisition cost
CPA-cost per acquisition

Businesses spend a great amount of time and money acquiring customers. Depending on the marketing initiative, this metric can be straightforward to calculate or multi-faceted. In digital marketing, it can be as simple as the cost for one person to fill out a form that leads to them becoming a customer. In this case divide the total amount of your spend by the conversions: [ad spend / conversions]. OTOH, multiple tactics may be involved in generating leads that ultimately result in new customers. Driving traffic from search engines or social media to your website to learn more about a service, direct mail promotions, or event marketing may all need to be considered. In this case, total the full amount of your marketing/advertising spend and divide it by the number of new customers [total spend / new customers]. The goal here is to keep spending low and the number of new customers high.

CPC-cost per click
CTR-click through rate

When advertising online, either with media banners, social media, or search engine ads, you'll want to analyze the amount of quality traffic you get from those sources. The idea with both of these measures is to generate a lot of traffic from well-optimized ads. This means you're getting clicks from people who show an intent to purchase. Fortunately, these numbers are usually readily available in analytics making both of these an easy DIY calculation.

An example of CPC in social media is the number of people who click on your post —perhaps on the image, to be specific. To calculate this measure, divide your ad spend by the number of clicks [ad spend / clicks].

Further, CTR is a measure that can show how many of those people who clicked took an additional action—such as clicking on the link in the ad that takes them to your website. To calculate this measure, simply divide the number of clicks by impressions [clicks / impressions]. While you can't stand on either of these measures for a true positive impact to your business, you can gauge how many of these results convert into actual customers.

ROI-return on investment

True ROI includes a mix of ROI, ROE—return on engagement, and ROMI—return on marketing investment. ROI can also be achieved from a variety of goal driven purposes: brand awareness, lead generation, and retention marketing. Each of these can be calculated in much the same way and are significant overall to marketing budget allocation.

Crafting campaigns with ROI in mind will provide insight for future funding requests and focused spending going forward. Important is to stay the course during the launch, growth, and retention phases of ROI to see positive growth. Not all phases or marketing actions will produce, or are intended to produce, positive ROI. Some will create good will, and from that, brand strength. To calculate ROI subtract costs from earnings and divide by cost [earned-spend / spend].

Marketers need to be wiser and more sophisticated with their efforts and continue to show value and overall positive impact on their organization. This will also help shift the organizational mindset from "your" marketing to "our marketing." Best of all, with an understanding of these acronyms and calculations, you'll be armed with information that will help you answer ROI questions, not just shrug and say IDK. :)

KIM KELLEY, FRBMA,
is the principal and creative director of Ali`i Marketing & Design. She has worked in marketing, advertising, graphic design, and social media for over 20 years. She is a fellow of the RBMA and is the recipient of the Special Recognition Award for her work in rebranding the RBMA. *Kim can be reached at (970) 800-3678 or kim@aliidesign.com.*