

The Engage Group – Digital Marketing Metrics that Matter

The Engage Group has a deep background in data and analysis. We know well that you can spend all day in dozens of metrics or find a few that work for you. Here are a few of our favorites. We've bundled them as pairs, offering complementary angles of focus that we hope you find helpful. If you want to talk about these, or any of the other dozens, we'd love to chat. Just reach out to hello@engageyourcause.com.

Return On Investment

One of, if not THE top measure of success. IN FACT, we created a [FREE ROI Calculator](#) which you can find on our [RESOURCES](#) page and an example scenario (see below.)

Cost To Raise A Dollar (Total Campaign Cost / Total Amount Raised)

- You may have a stellar campaign that brings in \$100,000 but if you went over the top and *spent \$100,000* on the campaign, then your cost to raise \$1 = \$1, and you've just broken even. That stellar campaign suddenly looks...just okay.
- If the costs associated with your campaign are \$6,000 and the total amount raised in the campaign was \$14,500, then your Cost To Raise A Dollar would be \$0.43. The lower you can get this number, the better; \$1 would be break-even; anything over \$1.00 would be a loss. Of course, the costs involved in one campaign may stretch over into another and need to be considered in the larger perspective.

Average Gift Size (Total Revenue / Total Gifts)

- Total revenue of your campaigns may be low or high, but average gift size is an opportunity to discover if donors are responding to your message with strong, average, or weak gift amounts.
- If your campaign brings in \$29,742.89 from 239 gifts, you would have an average gift size of \$124.45. If that is higher or lower than other campaigns, then you may be able to extrapolate further information regarding your appeal (accounting for any outlier gifts).

Conversion Rate (Total Conversions / Total Page Views)

- Whether 500 conversions – a completed action – or 50, a key determination of success is knowing the conversion rate beyond total conversions. The conversion rate is your conversions divided by the number of people on your form. Like with Average Gift, you want this rate to be high, with people seeing your appeal and making a gift.
- If your campaign had 90 participants hit your page, and 9 of them completed your form, your conversion rate would be 10%. As in all cases, your rate should be viewed against benchmarks for your organization: a 4% conversion rate may be great if you typically hit 2%, but terrible if you're usually at 20%.



Response Rate (Total Conversion / Total Recipients)

- This is similar to Conversion Rate, but instead of working against the number of people hitting the form, it's against the number of message (email, SMS, etc.) recipients.
- This will be lower than conversion since the number of people receiving your message will always be higher than those taking the next step to the form. If your campaign sent 9,127 emails and 70 converted, then your Response Rate would be 0.77%

Donor Acquisition Cost (Total Acquisition Spend / Total Acquisitions)

- Retention is cheaper than acquisition. It's important to know both costs so you can track different successes or troubles. And if certain areas of acquisition are working better, you'll know where to focus your investment.
- If social ad spend is \$10,000 and brings in 500 new donors, the Donor Acquisition Cost (DAC) is \$20 (again, use your own organizational benchmarks). If display ad spend is \$10,000 and brings in 200 new donors, the DAC is \$50 (which may be good or bad, but it's not as good as the social ad DAC. You may consider shifting tactics).

Retention Rate (Repeat Donors This Year / Donors Last Year)

- Retention Rate is very simple but very important: simply divide repeat donors this year by those donors that gave last year (then multiplied by 100).
- If 747 donors gave last year, and 545 gave again this year, the retention rate would be 72.96%. This ties into areas you can control (like stewardship) and areas you cannot (like economic forces) but you won't know if retention is a problem if you don't know your relationship with your donors.



The Engage Group – Your Return on Investment Experts

The digital marketing experts at The Engage Group can help you maximize your Return on Investment, and help you forecast and evaluate it, too. Here’s an example of how we do it!

The Scenario: Client seeking to invest in third party prospects for donation conversion.

The Goal: Develop forecasted time-to-break-even based on costs, range of new donor conversion rates, subsequent year retention rates and initial and retained donor value.

The Constants: Cost per Lead, Total Investment, Initial and Retained Donor Value and Initial and Subsequent Annual Retention Rates.

The Variables: New Donor Conversion Rates.

The Key Measure of Success: Return on Investment (ROI): (Income - Cost)/Cost (0% = Breakeven).

First, determine your investment, conversion, income and initial ROI:

Upfront investment: \$31,250 based on 25,000 leads at \$1.25 per lead.

Conversion: Each scenario represents a range of conversion rates of .50% to 2.50%.

Income: New donor revenue based on an estimated average donation of \$50.

ROI: (Income – Cost)/Cost. Initial ROI will be within 80% of breakeven at a conversion rate of .50% and a conversion rate of 2.50% would break even given the assumed constants.

Scenario	Cost per		Cost	New Donor		Average Donation	Gross \$	Net \$	Initial ROI
	Leads	Lead		Conversion Rate	New Donors				
Scenario 1	25,000	\$1.25	\$31,250	0.50%	125	\$50	\$6,250	(\$25,000)	-80%
Scenario 2	25,000	\$1.25	\$31,250	1.00%	250	\$50	\$12,500	(\$18,750)	-60%
Scenario 3	25,000	\$1.25	\$31,250	1.50%	375	\$50	\$18,750	(\$12,500)	-40%
Scenario 4	25,000	\$1.25	\$31,250	2.00%	500	\$50	\$25,000	(\$6,250)	-20%
Scenario 5	25,000	\$1.25	\$31,250	2.50%	625	\$50	\$31,250	\$0	0%



Next, determine Subsequent Retention, Retained Donor Value and Cumulative ROI:

Retention Rate: 20% of the new donors above will give again within one year of their first gift date.

Retained Donor Value: Each retained donor will have an average second gift value of \$75.

Incremental Revenue: Retained Donors X Retained Donor Value

Cumulative Revenue: Gross \$ from above + Incremental Revenue

ROI: (Cumulative Revenue – Cost)/Cost. ROI based on Year 1 retention and value is within 74% of breakeven for Scenario 1 (.50% conversion) and Scenarios 4 and 5 have exceeded breakeven point and returned 4% and 30%, respectively above the initial cost (\$31,250).

YEAR 1							
Scenario	Retention Rate	Donors Retained	Retained Donor Value	Incremental Revenue	Cumulative Revenue	Total Net	ROI
Scenario 1	20%	25	\$75	\$1,875	\$8,125	(\$23,125)	-74%
Scenario 2	20%	50	\$75	\$3,750	\$16,250	(\$15,000)	-48%
Scenario 3	20%	75	\$75	\$5,625	\$24,375	(\$6,875)	-22%
Scenario 4	20%	100	\$75	\$7,500	\$32,500	\$1,250	4%
Scenario 5	20%	125	\$75	\$9,375	\$40,625	\$9,375	30%

Finally, determine Year 2 Subsequent Retention, Retained Donor Value and Cumulative ROI:

Retention Rate: 50% of the retained donors above will give a third gift within 2 years of their first gift date.

Retained Donor Value: Each retained donor will have an average third gift value of \$100.

Incremental Revenue: Retained Donors X Retained Donor Value

Cumulative Revenue: Cumulative (Year 1) Revenue from above + Year 2 Incremental Revenue

ROI: (Cumulative Revenue – Cost)/Cost. ROI based on Year 2 retention and value is within 70% of break even for Scenario 1 (.50% conversion) and Scenarios 4 and 5 have exceeded breakeven point and returned 20% and 50%, respectively above the initial cost (\$31,250). Scenario 3 had nearly broken even.



YEAR 2							
Scenario	Retention Rate	Donors Retained	Retained Donor Value	Incremental Revenue	Total Revenue	Total Net	ROI
Scenario 1	50%	13	\$100	\$1,250	\$9,375	(\$21,875)	-70%
Scenario 2	50%	25	\$100	\$2,500	\$18,750	(\$12,500)	-40%
Scenario 3	50%	38	\$100	\$3,750	\$28,125	(\$3,125)	-10%
Scenario 4	50%	50	\$100	\$5,000	\$37,500	\$6,250	20%
Scenario 5	50%	63	\$100	\$6,250	\$46,875	\$15,625	50%

The Outcome: Based on this example and assumed performance metrics, Scenarios 3, 4 and 5 (conversion rate of 1.5% or better) would reach a positive ROI within three years of initial conversion. The lower conversion scenarios are not advisable as the initial cost would likely not be recovered unless performance greatly exceeded the assumed benchmarks.

Let's build your growth and ROI scenarios! Contact The Engage Group to discuss how we can help you squeeze more ROI out of your Digital Marketing Investments.

Reach us at hello@engageyourcause.com or at 443.539.2650.

