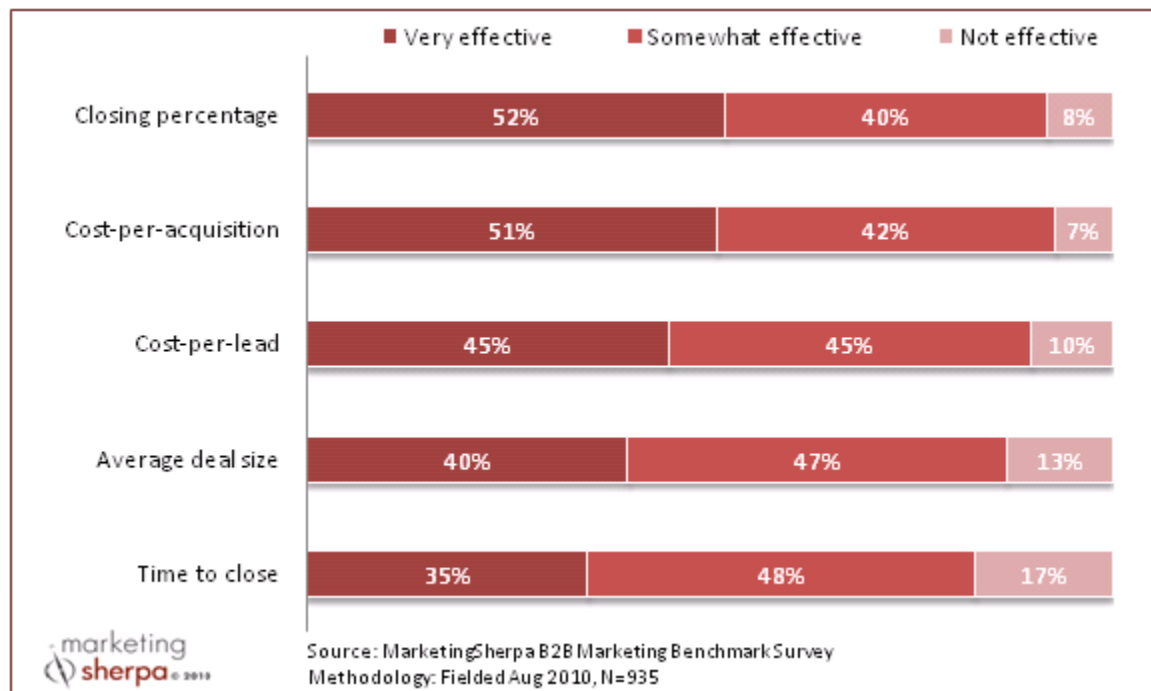


Standardizing Metrics for TDM Marketing ROI (Keri Olmstead, MBA)

Research in the TDM industry has verified that the industry is currently lacking standards for in-depth measurement of marketing ROI.

Various TDM organizations have begun to conduct research into measurement systems; however, an opportunity exists for DRCOG to be the pioneer in utilizing non-traditional metrics in the non-profit, TDM arena. DRCOG could set the industry standard.

MarketingSherpa conducted a study of more than 900 marketers asking which key performance metrics helped them evaluate marketing ROI. Results are included in this chart:



The article continues, “In order to continually improve, organizations need to conduct a regular analysis of their marketing programs to identify problems and opportunities. They need to analyze the performance of lead generation campaigns, including inbound and outbound tactics.

In this analysis, an organization should consider a number of metrics and aim to tie marketing activities to revenue generation. Analyzing based on one or two metrics alone can be misleading.

Overall, closing percentage and cost-per-acquisition are rated as the most effective metrics in helping B2B organizations evaluate marketing ROI. In order to make key decisions on the effectiveness of various marketing tactics, some combination of all metrics included in this chart

must be considered, as no more than 17% of organizations indicated that any one metric was ineffective.” (1)

The MarketingSherpa report addressed B2B marketing; however, I would propose that these same metrics can be utilized in the TDM industry.

The recently completed RideArrangers ROI report introduced some of these gauges, i.e. cost per lead (cost per unique view, cost per call, cost per registrant.) Because no industry standards utilizing these metrics currently exist and 2010 was the first year DRCOG has used these methods, the 2010 RideArrangers Marketing ROI report can be used as a benchmark.

Recommendation Summary

An umbrella analysis of a TDM program can yield a high-level ROI (i.e. total budget including salaries, marketing, etc. versus registrations in database); however, a lower-level analysis of each area is needed to ensure each spoke in the wheel is operating effectively. This report will address individual processes related to marketing (advertising, outreach/sales).

Advertising Tracking

Effectively analyzing a comprehensive campaign (ads running across multiple types of media simultaneously) can be challenging. Given that people may view up to 5,000 messages a day (2) where a message is placed, what it says and how often it is viewed all influence the effectiveness of media and a campaign.

Tracking Methods:

1. Query from past, current and new clients the media they used to find the service.
2. Data from media reports such as impressions, CUM views of ads, etc.
3. Analysis of website (i.e. views, pages visited, etc.)
4. Unique url and phone numbers on various mediums to track leads generated from each media (effective because it requires no input from clients, can be tracked via Google Analytics or phone records)

Measurements:

1. Cost per lead (can include website view, participant at an event, or any person that is interested in services that has not yet registered in the system.) These can then be evaluated by media or as a total campaign.

2010 RideArrangers cost per lead: \$28.24

Target: \$25.00

2. Cost per registrant (the person is registered in the system to participate in the service advertised.)

2010 Cost per registrant: \$137.63

Target: \$120.00

3. Conversion Percentage: the percent of leads that were converted to registrations (closed sales)

Conversion percentage: 2010 - 10,954 leads; 2,248 new carpool and vanpool registrants = 20.522%
Target: 30%

**An important figure to keep in mind while planning marketing to a region is the per capita spend. If the per capita spend is significantly smaller in a large region, the overall marketing reach can dissipate increasing the cost per lead and cost per registration (i.e. the message gets lost on the target market due to infrequency of ad views.)

Dollars per capita to spend: \$1.16

Average from TDM 2008 Program Survey Results by David Ungemah for TTI (estimate based on chart, actual numbers may vary).

2010 RA budget \$.18 ages 18-64, \$.21 ages 25-64 (significantly lower in the industry than other like-sized MSAs).

Outreach/Sales (can be internal or outside organizations)

Events attended, companies contacted or materials given out can be numbers reported to help ensure outreach is fulfilling contracts; however it is possible to tie a dollar figure to these activities.

Commissioned sales people (in the for-profit world) are motivated by money. Non-commissioned sales people need to be given goals to reach to ensure they are producing.

Methods:

1. Events – the strategic planning of an event should include how the dollars spent will directly tie to the benefits of the event. For example, if an outreach person attends a transportation fair, the number of people who registered for services or gave their information for future contact should be tracked. When the people register for the service, they are considered a “closed” sale. If they are on a list for future contact, they become part of a “pipeline” that is tracked weekly to ensure these “leads” are properly handled and a high closing percentage is achieved. A final cost per lead or cost per registrant can then be evaluated to see if the event was indeed cost effective (compared to the standard metrics set above).

2. Contacts – while a goal of speaking to a certain number of contacts per week or month is a valuable sales tracking tool, tying the dollars spent to these is also important. As mentioned above, each outreach (sales) person should maintain a “pipeline.” On this pipeline the sales person lists:

- all relevant contact information
- referral source
- current status of the lead (in process, waiting for response, etc.)
- final result of the sale (closed the contact {they signed for services}, the person is not interested at this time {flag for future follow-up} or they are not interested {should be removed from contact list.})

The pipeline should always include contacts to revisit, new contacts and contacts that are in process. I would recommend a balance of 40% current, 40% new and 20% contacts to revisit. This division of prospects ensures that the owner of the pipeline is always generating new business while thoroughly working all leads and filtering out leads that will never come to fruition.

Summary

The TDM industry is looking for standards to measure marketing ROI. While the numbers proposed above may not work for every TDM organization, they may be used as a guide. DRCOG has a unique opportunity to leverage the internal expertise and cutting edge ideas to become a national leader for marketing metrics.

References

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2. <http://www.nytimes.com/2007/01/15/business/media/15everywhere.html?adxnnl=1&pagewanted=print&adxnnlx=1303841006-ZzIti3XdnmYqDuqlqD7gSw>