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REPORT

GENERATING IMPACTFUL CONTENT

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INTRODUCTION

The most effective and profitable companies are those who have digitally transformed themselves using a partnership between communications and marketing. Consultancy firms specializing in strategy, communications and marketing now collaborate more closely than ever before, offering clients multifaceted solutions for our modern world. The centerpiece of this previously unimaginable union is content, which has gone from being a mere communications tool to transforming entire business models, with a direct impact on the bottom line.

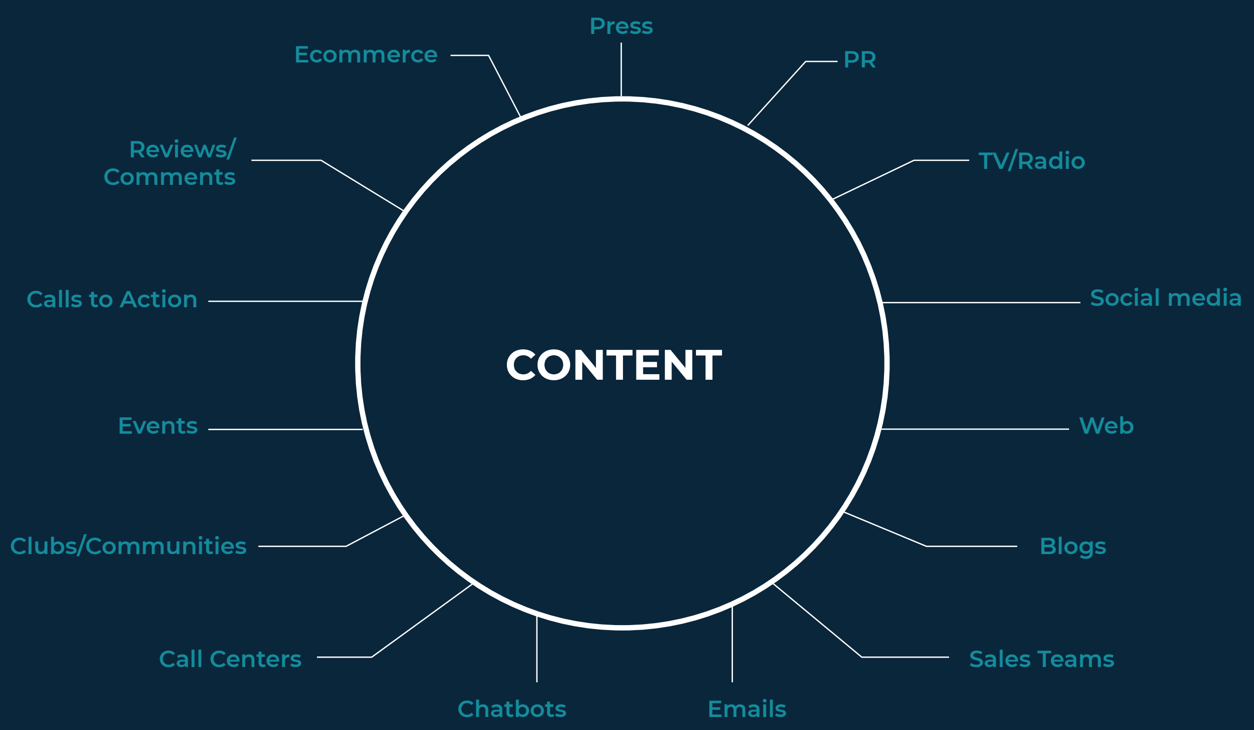
Stakeholders use the content they consume to promote the company, which promotes itself using data from that same content. Consultancy firms' strategic and marketing plans are moving away from using large-sample surveys to inform their decisions, turning instead to **content** (90 percent of which is digital) as their primary analytical tool.

But what is content? It is what happens when a company shares any expression—intentional or otherwise—that leaves an impression on the receiver regarding that company's brand, product or service. A chatbot's script in a call center, an Instagram story, a blog post and a reply from Amazon's Alexa are all examples of content. The data generated from content (number of clicks, number of visitors, reading time, subject, related keywords, etc.) then becomes a company's nexus of strategic information.

People think, browse and consume content with very different goals. Companies' content-generated goals must change, as we no longer merely gather information, but also interact, express ourselves, gain attention and offer enjoyment and entertainment. Put simply, **sales no longer equal success**.

FORMS OF CONTENT

Content has recently shifted from being a mere communications tool to becoming a focal point of business models and directly influencing the bottom line. But who controls content,



marketing or communication? To reconcile any confusion, we can define three distinct types of content:

- **Corporate Content:** This content relates to the company's values, mission statement and reputation. It includes media relations, reputation and crisis management, brand expression, public and investor relations, events, engagement, social responsibility initiatives, etc. Corporate content is managed by traditional communication departments.
- **Content Marketing:** This content entails a major commitment to personalization and automation. Its purpose is to raise interest and stimulate audiences to seize leads, uncover acquisition opportunities and increase brand loyalty, leading to retention and positive word-of-mouth. This type of content is managed by marketing departments.
- **Disruptive Content:** Traditionally known as advertising, this type of content covers traditional media, billboards, mass email marketing, cold calling, digital banners, remarketing, etc. Disruptive content is managed by both the communication and marketing departments in tandem, as best suits the company's needs.

"Content has recently shifted from being a mere communications tool to becoming a focal point of business models"

The combination of these three content types has made the traditional push-and-pull of past monodirectional corporate structures obsolete. The current digital transformation offers a higher degree of interaction and content personalization, with a greater scope—and therefore impact.

STRATEGIES FOR CONTENT MARKETING

At present, 90 percent of impactful marketing and communications are carried out, directly or indirectly, within the context of a company's digital ecosystem. All interactions or communications, whether corporate, operational or business-related, is in one way or another a component of a digital ecosystem.

Whether developed by the marketing or communication department, any digital ecosystem must be guided by five strategic goals:

1. **Generate traffic** to the platform, website, blog or loyalty club. Content should be created with a focus on improving traffic and lending credence to messaging, thus increasing interaction, content usability, loyalty and retention.

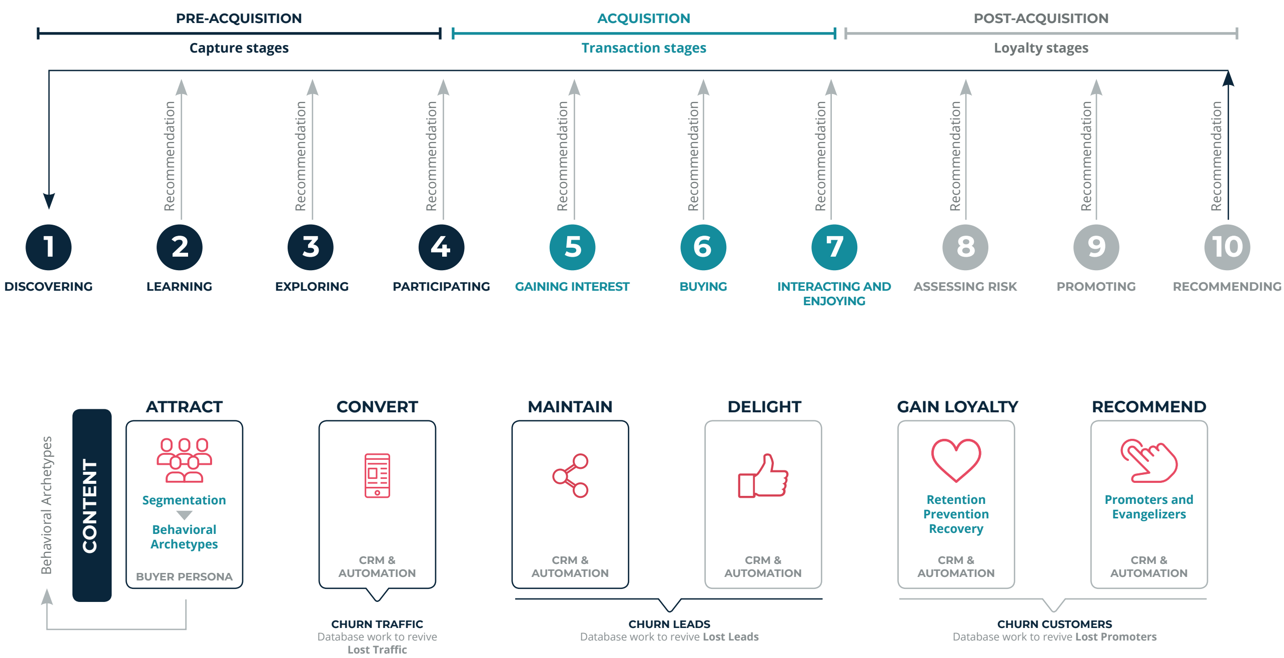
2. **Increase engagement** and recommendations. To achieve this goal, content should focus on raising awareness of the brand, product or service. This will lead to increased demand and deeper customer connections, consequently resulting in a willingness to recommend the brand, product or service to friends, family and colleagues.

3. **Avoid bouncing and fleeing**. The digital ecosystem allows heightened awareness of customer experience, which helps companies create content with an eye to changing expectations. Done intelligently, this reduces the likelihood of hitting "pain points" and their resulting loss of customer satisfaction. This is among the most potent innovations in customer experience management.

4. **Increase conversion**. Though it is often defined as the purchase of a product, there is also digital conversion via this type of content. This type of conversion focuses on convincing customers to move from one stage to another, such as from "discovering" to "learning" or "learning" to "participating." To accomplish this, content should utilize automated workflows, which can deepen customer interactions with content based on their behavioral patterns.

5. **Launch a product, service or brand** in the market. The ultimate goal of content marketing is to facilitate the successful launch of a new brand, product, service or platform. This step, commonly known as "going to market," is one of the most recognizable features of this type of compelling content. Launches proceed in a structured manner, moving through the discovery, information, evaluation, decision, enjoyment, repetition and recommendation phases. As such, content tone, format, frequency and goals are similarly structured in terms of these stages.

FOCUS MODEL DIGITAL EXPERIENCE LLYC



MEASURING CONTENT MARKETING STRATEGIES AGAINST BUSINESS STRATEGIES

Peter Drucker (1909-2005), the father of modern business management, is credited with the well-known maxim "If you cannot measure it, you cannot improve it." However, this quote was first coined eighty years earlier by British physicist and mathematician Sir William Thomson, the First Baron of Kelvin (1824-1907), when he said, **"If you cannot define it, you cannot measure it. If you cannot measure it, you cannot improve it. If you cannot improve it, it will always deteriorate."**

Keeping this guiding principle in mind, it is clear that content marketing must be measurable in the form of KPIs. It is no secret that communication directors are often reticent when it comes to business-related data analysis, but just as marketing professionals must learn to understand the essence of content, communication professionals must learn to analyze data regarding their companies' fields and its impact on the bottom line. This will not only add value to those professionals' work, but will also allow them a greater role in decision-making and—most importantly—contribute to their budgets.

As such, all content marketing plans must relate directly back to the company's business and operations. Below are ten KPIs that every marketing or communications director should consider when creating this—or any—type of content:

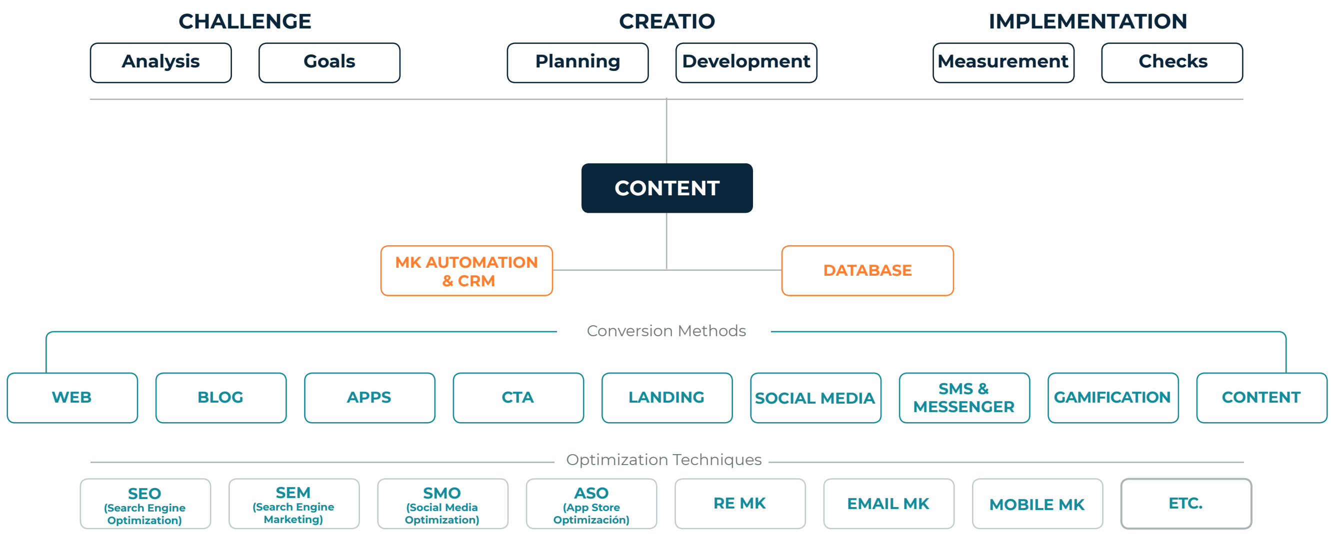
1. RETURN ON INVESTMENT (ROI)

When including content marketing in a business strategy, it is important to consider its possible results and profitability. ROI evaluates profitability, which is to say, it measures the difference between resources invested in creating the content versus resources generated by the content, whether in terms of direct sales, visits, page impressions or potential customers reached. It can be calculated using the following formula:

ROI = (Benefit – Investment)/Investment

To learn more about ROI, you can look into the financial concepts of Internal Rate of Return (IRR) and Net Present Value (NPV).

CONTENT MANAGEMENT



2. AVERAGE REVENUE PER ACCOUNT (ARPA)

Sometimes called "average revenue per user," ARPA is especially useful during launches and ongoing projects, as it provides an easy way to track revenue. It is calculated by dividing the total income over a given period by the company's total number of active customers to highlight the average revenue obtained from each one. A high ARPA indicates high customer spending.

ARPA= Total revenue obtained/Total active accounts

3. CUSTOMER ACQUISITION COST (CAC)

It is essential to consider CAC in any content marketing strategy. We must ask how many marketing and communication resources, on average, must be invested to secure one new customer in a given period. This is calculated by dividing total invested sales costs (marketing, sales team, sponsorship, engagement, etc.) by the total number of customers captured in the given period.

CAC= Marketing costs/Number of customers

4. CAC PAYBACK PERIOD

The CAC payback period is one of the major challenges facing companies today. Telecommunications, banking and insurance can have a CAC payback period of over as many as 36 months—thus the high importance of loyalty plans, recommendations and brand engagement.

If we know retaining a customer's loyalty costs half as much as capturing a new customer (and bearing in mind that CAC recovery is long-term), the big question becomes "How long does it take for a customer to become profitable?" To calculate this, CAC is divided by ARPA. This is a key element when designing conversion, adhesion and business strategies in the short-, medium- and long-term.

CAC payback period= CAC/ARPA

5. LIFETIME VALUE (LTV)

Customer Lifetime Value (LTV) measures the value a customer has throughout their lifecycle with a given organization, showing how much each customer is worth during their time with a company. This represents the total net profit a customer offers a company, and there are two ways to optimize it: lengthening customer lifecycles (loyalty, recommendations, retention, connections, etc.) and optimizing the value a customer provides during the standard lifecycle (utilizing parallel sales, for example).

This information allows us to estimate the margin of benefit each customer offers, broken down into behavioral groups based on common interactions with the company. This behavioral data is not exact, but uses historical trends to generate predictive models. This allows us to optimize and strengthen each group's relationship to a product or service.

LTV answers the question of how profitable any given customer is during their relationship with a company. Below are two different formulas to calculate this:

LTV = Average gross spending x Recurrence rate

LTV = ARPA x Average time spent

6. CAPTURE PROFITABILITY RATIO (CPR)

CPR is an essential KPI for making predictions and adjusting content strategies accordingly. It indicates the efficiency and profitability of converting people through content marketing.

For investors, this is the magic number. Why? If, for example, I gain €5,000 per customer lifecycle after investing €500 in capture, I now know that the gross margin per customer (CPC) is €4,500 (9 times the cost). CPR is calculated by dividing LTV by CAC.

CPR= LTV/CAC

For this to be effective, LTV and recurrence measurements (discussed below) must be accurate.

7. MONTHLY RECURRING REVENUE (MRR)

Modern digital consumption is leading the industry toward subscription models, and companies like Amazon and Netflix have already successfully made this transition. We will soon be living in a subscription economy, where ownership of goods will be relative.

MRR measures use or purchase frequency of products and services, and it is one of the most impactful profitability metrics for any business—especially for subscription models, where loyalty is essential due to the high CAC. The key here is understanding that once a new customer has been acquired, they represent recurring income. This model offers unique challenges compared to traditional sales, such as retention and churn. MRR is a measurement of predictable and recurring income in a subscription model, and it is directly related to CAC. It can be calculated with the following formula:

MRR= ARPA x Total number of customers

8. CHURN/ABANDONMENT RATE

This is another KPI for gauging customer loyalty, or in this case, disloyalty. The churn rate represents the percentage of customers who abandon a brand over a given period and at what stage in their lifecycle they leave. It also shows the rate at which these customers are lost. Failure to retain customers long enough to at least counterbalance CAC is a negative indicator.

To calculate churn, we first must know the number of lost customers. This figure is obtained by subtracting the number of current customers from the number of customers there were at the beginning of the period in question.

“The most successful digital transformations begin with communications and client interaction”

Churn rate is calculated by dividing customers lost by initial customers, then multiplying this by 100. Then we can see that, for example, a 5 percent monthly churn would mean 60 percent of existing customers are lost annually, and that on average customers are retained for 20 months (100/5). If we analyze this with respect to CAC, it will highlight the viability of the business model's content marketing efforts.

Churn = (Customers lost/Initial customers) x 100

Churn is often caused by two dangerous mistakes: unattractive content and an unsuitable or unstructured digital ecosystem.

As a general rule, the lower your churn is, the greater your customer loyalty. After taking this measurement, it is important to work to understand why you lose customers. Surprisingly, one of the main reasons behind churn is a lack of content marketing due to lack of data analysis.

9. CLICK-THROUGH RATE (CTR)

CTR measures the number of clicks your content marketing pieces generate. It is calculated by dividing the number of interactions with your content by the total number of clicks. Many different things can result from a click, giving way to many entirely digital KPIs. The following are some of these:

DIGITAL KPIS

VISIBILITY
Percentage of times a brand/product appears in search results. In advertising, defines whether an ad has been seen or not.

SATURATION
Number of times a brand appears in search results.

ENGAGEMENT (WEB/BLOG)
Can be defined using permanence criteria such as average session time, number of page views, number of sessions, percent bounce, etc.

RICH SNIPPETS
Enhanced results, such as stars, addresses, telephone numbers, reviews or links to internal pages.

CRAWL RATE (CR)
Time search engines spend tracking websites. Increases according to a site's SEO relevance.

RELEVANCE
SEO authority that Google and other search engines give a site, according to its SEO optimization.

REACH
Number of people an ad or publication has reached.

IMPRESSIONS
Number of times an ad or publication has been shown (includes multiple instances per person).

IMPACT
Viewing an ad or piece of content.

LOOKALIKE
Similar audiences (based on criteria defined by the advertiser, such as social demographics, interests, geolocation, behavior, etc.).

RETARGETING/REMARKETING
Impacting a user who has previously been impacted.

ENGAGEMENT VALUE (SM)
Percentage of social media reactions (likes, comments, shares, clicks, reach, etc.).

SEARCH ENGINE MARKETING (SEM) VALUE
Search results corresponding to a particular advertisement (text or display).

DISPLAY VALUE
Advertising in the form of images (banner ads) in search results or on a website.

CPT
Cost Per Thousand Impressions.

CPC
Cost Per Click.

CPL
Cost Per Lead.

CPA
Cost Per Action.

OR
Open Rate.

SOFT BOUNCE
Email that wasn't delivered because the recipient's mailbox was full.

HARD BOUNCE
Email that wasn't delivered because the address was wrong, the email did not exist or the account was automated.

THANK YOU PAGE (TYP):
Page where user is redirected after sending a lead.

10. NET PROMOTER SCORE (NPS)

This last KPI has transformed entire companies since it was discussed in the Harvard Business Review article titled "The One Number You Need to Grow." In this article, Frederick Reichheld used a simple model to determine the most reliable method for quantifying stakeholders' loyalty to a company. This model revolves around the importance of recommendations and word-of-mouth.

Reichheld asked customers the following question: "On a scale of 0 to 10, what are the chances you will recommend this product?" In doing so, he showed that customers can be categorized into three general groups: **promoters** (responses between 9 and 10), who will defend the brand and recommend it no matter what; **passive customers** (7 to 8), the largest group, who have a high degree of satisfaction but would neither recommend nor criticize the brand; and **detractors** (0 to 6) who are more likely to criticize the brand.

NPS has become a factor all companies utilize to identify their market value. It can be calculated as follows:

NPS = Promoters (%) - Detractors (%)

If you keep a close eye on this figure with regard to not only your brand, but also your content, style, format, tone, frequency, etc., you will be much more able to see to see how your company's content marketing efforts influence recommendations.

Lastly, do not forget that the most successful digital transformations begin with communications and client interaction. Unlike digital transformations centered around IT or systems, this investment is gradual, so immediate supplementary benefits and short-term income can help ease the transition. Business- and stakeholder-centered content marketing, digitalization and all the steps necessary to achieve those things (personalization, automation, experience, recommendations and data), can and will come together to thoroughly transform your company.

AUTHORS

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