ABSTRACT

Tracking responses is one of the most important aspects of the campaign life cycle for a marketing analyst, yet this is often a daunting task. This paper provides guidance for how to determine what is a response, how to define a response for your business, and how to collect response data. You can apply this guidance when using SAS® Marketing Automation and more generally, when assessing the effectiveness of a marketing campaign.

INTRODUCTION

Campaign response tracking is the process of collecting data that identifies customers who have responded to a communication from a campaign program via a specific channel such as email, direct mail, SMS messaging, and telemarketing. Campaign response tracking enables you to complete the marketing life cycle by extracting results from a campaign program that help you evaluate the success of the campaign. The results can help you do the following tasks:

- Determine how effective a campaign program was at driving responses.
- Determine which creative triggered the most significant response.
- Perform analysis to determine future segments to target in a campaign.
- Optimize overall campaign performance by using more targeted campaigns to increase responses and improving return on investment (ROI) by reducing the cost per piece and per response.

One of the most critical aspects of improving the success of a marketing campaign is tracking responses. To effectively track campaign responses, you must understand and document the campaign objective, execute criteria that are aligned with the objective, know the role the channel plays in achieving your objective, and define the metric to use to measure and attribute your responses.

Campaign programs yield both direct and indirect responses. A direct response has the following characteristics:

- The response has an established control group or benchmark. The control group enables you to measure against the target audience and analyze lift in response against consumers who did not receive the communication.
- The response has a tracking code or method of associating an offer with a specific campaign program.
- The response by subject or member of target audience originates from the campaign program.
- The initiation of contact to the target audience is written to contact history.
- Data points from a response history process capture activity that directly correlates responses to a call to action.
- The response is a result originating from a campaign program from a contact that is written to contact history.
- The response is within the campaign program target dates.

Indirect responses to a communication are the most difficult to track and can vary depending on business rules. Indirect responses are commonly known as inferred responses because the response to a campaign program by the marketer is not based on a data point that clearly identifies that the target responded directly to a call to action from a campaign program.

An indirect response to a campaign program has the following characteristics:

- The response might not have an established control group or benchmark it can be compared against.
- The response might not be identified with a tracking code or method of associating an offer with a specific campaign program.
- The response by subject or member of the target audience may or may not originate from campaign program.
• Initiation of contact to target audience may or may not get written to Contact History
• Data points from a response history do not necessarily capture activity that directly correlates a response to a call to action
• The response is a result from a contact that does not necessarily originate from the campaign program and the contact is not written to contact history
• Response is not necessarily within campaign program target date

Defining your response attribution metrics helps to decipher campaign performance as a direct result of a campaign program.

INDUSTRY AND CHANNEL ATTRIBUTION BY CAMPAIGN TYPE

The process of capturing campaign responses and attribution is unique across industries and varies depending on campaign type. Each campaign type has several initiatives focused on retention, upsell, cross-sell, and acquiring new prospects.

Retention: Communicate with customers after the purchase of a product and establish a relationship with informational, educational or congratulatory campaign programs.

Upsell: Provide an incentive to persuade the customer to upgrade his or her existing product to a product with a higher monetary value or to purchase another product. These actions increase the number of products per customer.

Cross-sell: Provide an incentive to persuade a customer with an existing product to purchase a secondary product.

Prospect: Provide an incentive for consumers who do not have an existing product or relationship with the seller or provider.

Understanding the industry and the call to action for each type of campaign helps you define business rules for response tracking. It is critical that you identify the data components that represent the presence of a conversion of a call to action in the data repository. Identifying a response conversion is usually the most complex task to define and measure.

To identify response conversion and response conversion rate you must do the following tasks:

• Agree on a definition of a response conversion for individual campaigns.
• Identify the data requirements for the computation.
• Identify the data requirements that enable a definition to evolve.

Figure 1 shows examples of businesses in several industry categories.

<table>
<thead>
<tr>
<th>Entertainment</th>
<th>Hospitality</th>
<th>Retail and Grocer</th>
<th>Financial Services</th>
<th>Health and Life Science</th>
<th>Telco</th>
</tr>
</thead>
<tbody>
<tr>
<td>Casino</td>
<td>Resorts</td>
<td>Department Store</td>
<td>Banking</td>
<td>Health Care Management</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Cellular Phone</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Home Phone</td>
</tr>
<tr>
<td>Travel</td>
<td>Hotels</td>
<td>Big Box Store</td>
<td>Insurance</td>
<td>Hospitals</td>
<td>Cable</td>
</tr>
<tr>
<td>Vacation</td>
<td>Catalog</td>
<td>Investment</td>
<td>Clinic</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sports Organization (NBA, MLB, NFL, NHL)</td>
<td>Publishing</td>
<td></td>
<td></td>
<td></td>
<td>Grocer</td>
</tr>
</tbody>
</table>

Figure 1. Industries by Category

The direct marketing method of contact to a targeted audience can have a significant impact on campaign response rate.
Figure 2 shows several methods of contact and the expected response types.

<table>
<thead>
<tr>
<th>Channel</th>
<th>Channel Description</th>
<th>Call to Action, Response or Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online</td>
<td>Email</td>
<td>• The number of emails opened&lt;br&gt;• The number of clicks on links contained in the email&lt;br&gt;• The number of emails sent&lt;br&gt;• The number of emails that were not sent&lt;br&gt;• The number of page visits prompted by the email</td>
</tr>
<tr>
<td>Postal</td>
<td>Mail</td>
<td>• The number of mailed offers that were redeemed&lt;br&gt;• The number of follow-up calls from recipients</td>
</tr>
<tr>
<td>Social Media</td>
<td>SMS (text messages)&lt;br&gt;Facebook&lt;br&gt;Twitter&lt;br&gt;Google</td>
<td>Activity Type:&lt;br&gt;• Number of mentions&lt;br&gt;• Number of follows&lt;br&gt; Sentiment:&lt;br&gt;• Amount of positive feedback&lt;br&gt;• Amount of negative feedback</td>
</tr>
<tr>
<td>Kiosk,terminals,registers</td>
<td>Point of Sale</td>
<td>• Number of offers redeemed&lt;br&gt;• Number of purchases</td>
</tr>
<tr>
<td>Telemarketing</td>
<td>Home phone&lt;br&gt;Cell phone&lt;br&gt;Business phone</td>
<td>Number of positive contacts (number of conversions from the call to action to a response)</td>
</tr>
</tbody>
</table>

**Figure 2. Response by Channel**

A response does not always equate to a member of a target audience conducting a transaction that results in a sale or purchase of a product. Depending on the industry or channel, a response can mean that the person who receives the direct mail executes the call to action. For example, the consumer contacts the company, asks for the offer, sets up a sales call, requests a white paper, follows up with a nurse, or goes to the website landing page set up for the promotion. When the call to action does not result in a monetary redemption, the data repository must be designed to store attributes that you can use to capture a redemption code or attributes that can be used to identify a response.

**EVALUATION OF CAMPAIGNS**

When campaigns have overlapping and extended program periods, you must be able to compare the initial campaign program period and the overlap campaign program periods:

Comparison periods:

• Initial campaign program period (campaign start date to campaign end date)
• Overlap campaign program period (period after initial campaign start and end window)

Knowing the comparison periods can help you determine which campaign to attribute each response to. The overlap campaign program period allows for attribution of responders after the initial campaign period. Long campaign program periods (especially a 52 week period) can show unusual spikes due to seasonality (spending is higher during the Christmas holidays and lower during summer vacation). It is best to have shorter campaign program periods because a shorter period gives you an earlier measurement of the success (or failure) of the program. You can react more quickly to the results of the campaigns’ success or failure.

Customers who were not contacted during the originating campaign but who respond with a redemption code are outside of the scope of the initial campaign program period and overlap campaign program period. These responses should be excluded from the response metrics for the given campaign. Responses from new customers, from accounts that are newly created, and from accounts that have no activity before or after either evaluation period are also excluded. Separate campaigns are developed to evaluate these customers.
TEST AND CONTROL GROUPS

A test group is the target audience that receives the originating communication or offer during the initial campaign program period. The control group is a representative sample of the test group with identical characteristics. However, the control group audience does not receive the originating communication or offer. Using a control group can enable you to effectively compare the strengths and weaknesses of the offer(s), creative or channel.

In conclusion, the target audience of the test and control groups must share the same characteristics in order to test the impact of a specific offer, creative or channel. For comparison purposes, each target audience should be arranged into a class or segment based on how well each campaign model scored in terms of responses. This segmentation makes it easier to test, control, measure, and design current and future campaigns. After segmentation is applied, the representative sample of the test and control groups is selected randomly or from a representative sample. These terms are defined here:

Random sample: Every nth customer from the total selection for your control-group

Representative sample: A control group that represents your typical structure of the selection.

CAMPAIGN MEASUREMENT

You analyze the results of a campaign based primarily on the goals set forth for the campaign. Here are examples of some common types of measurements used for campaign analysis:

- Results by customer
- Results by week
- Result by month
- Results from the test group versus results from the control group

Measuring at various levels helps to determine campaign return on investment figures, by customer, by customer segment, and ultimately, by campaign.

To determine the profitability of the test and control group, analyze the revenue generated by the test and control group and compare the difference.

Campaign metrics to consider:

- **Return on Investment (ROI)**: Revenue divided by Cost
  
  For example, if the test group goes from $1 to $3 per customer per month, and the control goes from $1 to $2, you have a net gain of $1 per test group customer. You can attribute this growth to the campaign. Multiply that $1 by the number of customers in your test group, and you have the incremental revenue.

- **Profit**: Response Revenue minus Marketing Cost

- **Actual Response Rate**: Number of Responses divided by Number of Contacts expressed as a percentage

- **Marketing Cost**: Fixed Cost divided by the Number of Contacts per channel

RESPONSE TRACKING PROCESS ASSESSMENT

When implementing a response tracking data repository, consider the following factors:

- Determine who, how and when the contact is made in campaigns.
- Determine the rules for selecting the test and control group.
- Determine what constitutes a direct response for each channel.
- Determine what constitutes an indirect response for each channel.
- Outline the types of campaigns that are eligible for response tracking.
- Outline the types of responses expected.
- Review, in detail, the existing response history data model (if available).
- Determine the business rules for development of a new response history data model. Decide whether to use a different type of model or one that is designed to meet the specific needs of the marketing plan.
The response history data model includes the following specifications:

- Evaluation period
- Measurements to be recorded
- Retention period for response history

- Determine the source of the response data:
  - Third-party data: Data received from the email service provider. This data can include clicks, bounce backs, opt outs.
  - Internal operation system: Data from your relational database management system that stores customer and transaction data.
  - Campaign management source data: Metadata about your campaign that originates from your campaign management tool.

**BUILD PROCESS FOR RESPONSE TRACKING**

Figure 3 illustrates a typical response tracking process that writes responses to a response history table. The first step in the build process is to collect business rules to determine the definition of a response based on the available data across systems.

**RESPONSE TRACKING BUILD PROCESS**

**Figure 3. Response Tracking Build**

**RESPONSE HISTORY BUILD APPROACHES**

When you build a response history repository you must first consider the data available to you to identify customers who have redeemed an offer or taken an action. This can be even more challenging when response data is captured by a third party. For example, response data for email channel campaigns is typically captured by an email service provider such as CheetahMail or ExactTarget. The build of the response history repository must be able to accept this data seamlessly.

The first approach assumes the campaigns and types of expected responses are fixed. The repository to store responses is predefined. An extract, transfer, and load (ETL) process must be employed to populate the
response history table with the responses. This approach assumes that the types of campaigns and expected responses are predefined as part of the marketing process.

Another approach can accommodate flexible campaign and response types for both direct and inferred responses. This approach uses an extract, transfer, and load (ETL) process to identify a direct response but requires another source system to associate indirect responses. A standard list of response codes must be defined to enable downstream reporting processes to interpret the response.

After building the repository to store your response tracking data, compile your results into a useful and comprehensive presentation by bringing together everything that matters: social media, offline marketing, web analytics, and so on, into one reporting interface where you can organize, review, and make decisions.

**CONCLUSION**

Regardless of the approach, the type of campaign, industry, or channel, tracking marketing responses is the key to improving campaign performance and your bottom line. To get the most out of your response tracking process, develop reports to illustrate the results of what matters most to you by looking at the big picture and at specific derived data from the information you’ve gathered.

For example, digital sales organizations typically depend on seasons, holidays, and events to boost their annual sales. A one-month report doesn’t provide much insight into how well a campaign is doing over time. You can add context by adding a month-over-month comparison report, or by comparing the revenue results for this season, holiday, or event to the same season in a previous year. Illustrate your target or anticipated numbers, as well as how close or how far you are from meeting those targets.

Figure 4 illustrates the results of a grocer who is tracking household segments that purchase premium coffee during three periods. Responses are captured before the initiation of the campaign, within the campaign tracking period, and after the campaign tracking period.
Figure 4. Household Penetration by Category Segment Response Tracking Report

Figure 5 illustrates response rates by channel. It compares the expected response rate to the actual response rate and provides you with valuable insight into high-performing channels.

<table>
<thead>
<tr>
<th>Channel</th>
<th>No. of Contacts</th>
<th>No. of Responses</th>
<th>Expected Response Rate</th>
<th>Actual Response Rate</th>
<th>Marketing Cost</th>
<th>Response Revenue</th>
<th>Profit</th>
<th>ROI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Mail</td>
<td>534677</td>
<td>7403</td>
<td>2%</td>
<td>1.38%</td>
<td>245,675</td>
<td>342,060</td>
<td>96,385</td>
<td>39.21%</td>
</tr>
<tr>
<td>Email</td>
<td>765901</td>
<td>10329</td>
<td>1.59%</td>
<td>1.34%</td>
<td>356,750</td>
<td>407,060</td>
<td>50,250</td>
<td>16.84%</td>
</tr>
<tr>
<td>Telemarketing</td>
<td>2397805</td>
<td>59217</td>
<td>3%</td>
<td>2.04%</td>
<td>705,780</td>
<td>1,063,400</td>
<td>357,200</td>
<td>42.17%</td>
</tr>
</tbody>
</table>

Figure 5. Channel Capacity Planning Report

Finally, automate your response tracking reports as much as possible. Identify a tool or tools that make it possible to send and receive reports dynamically to enable you to quickly analyze and take action.

Response tracking helps you to understand your customers and visitors, as well as improve your overall campaign performance by enabling you to make educated campaign decisions, achieve higher ROI from your marketing initiatives, and gain better insight into your business.
REFERENCES


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