



Full Circle
INSIGHTS®

MQL- vs Revenue- Based Campaign Calendar Planning

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What **IS** Marketing's Goal, Really?

Marketers have long been tasked with the mission of driving leads and generating demand. With the advent of a sophisticated funnel framework, marketing goals moved from traditional awareness metrics (such as reach, views, and clicks) to a metric lower in the funnel: marketing qualified leads (MQLs). Moving the goal lower in the funnel was meant to tie the marketing team closer to revenue. However, with a more scientific approach to the funnel and the help of analytics technology, the main marketing KPI can be moved even further down the funnel, all the way to revenue. Nowadays, marketing departments can be more precise in optimizing a myriad of KPIs in order to drive revenue. For example, marketers can improve their audience segmentation to drive better conversion rates, leading to more revenue. Or marketing can help target higher-paying segments and increase average deal size.

So, the natural question is: should marketing plan its goals around MQLs or revenue? The answer is: it depends (of course). And at the end of the day, all performance-driven marketers should be closely watching MQLs and revenue, as well as the KPIs in between. But because of the potentially vast differences in outcomes for each methodology, the question is about deciding what is right for your company.

In this guide, we'll walk through the definitions of MQL-based and revenue-based planning, the step-by-step campaign planning process using both methodologies, and the pros and cons of using each.

MQL-Based Planning: Methodology Overview

In summary, MQL-based planning is exactly how it sounds. It's a process and philosophy that utilizes a formula that marketers are familiar with: $\text{Revenue} = \text{Volume} \times \text{Conversion Rate} \times \text{Average Deal Size}$. So with a revenue target provided by the CEO (say, \$3 million), average deal size (say, \$30K), and MQL-to-Won conversion rate (say, 1%) to calculate the required MQLs (which in this case would be 10,000 MQLs). The marketing team would then plan campaigns for the year (or whatever the time period was for the revenue target) in order to reach 10,000 MQLs. Assuming that the conversion rate would turn out to be 1% and average deal size would turn out to be \$30K, this would be enough to hit the \$3 million revenue goal.

Let's walk through an example of the actual planning of campaigns. In the example below, the company is planning for the second half of the year and is attempting to generate \$2.12 million in revenue. At a planned 2.5% conversion rate and \$30K average deal size, the revenue goal implies an MQL goal of 2,840. The process for campaign planning focused on an MQL goal starts with the below.

| | Estimated MQL Volume per Campaign | Estimated 2 nd Half Outcomes | | |
|-----------------------------|-----------------------------------|---|--------------|---------------|
| | | # of Campaigns | Total MQLs | Total Cost |
| Partner Marketing | | | | |
| | | | | |
| Event (Sponsored) | | | | |
| | | | | |
| Nurture Emails | | | | |
| | | | | |
| Website | | | | |
| | | | | |
| Other (Ads, SEM, PR) | | | | |
| | | | | |
| Totals | | | | |
| Goals | | | 2,840 | \$250K |

MQL-Based Planning: Selecting Campaigns

In order to fill the table in the previous page, the marketing team decides on different channels and individual campaigns in order to get to the MQL goal (2,840). Naturally, you would delve into the historical performance metrics to select specific channels, notably the ones that generated the highest volume of MQLs. If you have not added channel classifications to your CRM, you would want to add that field. In the below, we show a default Salesforce campaign field (Type) compared to custom categorizations (Promo Channel being one).

Default Salesforce

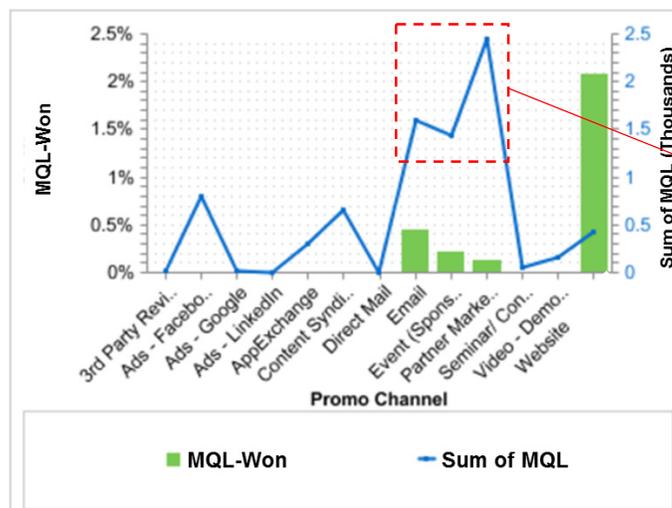
| | |
|---------------------|---------------------------|
| Campaign Name | August Monthly Newsletter |
| Parent Campaign | |
| Type | Email |
| Marketing Region | Global |
| Campaign Sourced By | Marketing |

Custom Campaign Categorizations

| | |
|-------------------|---------------------|
| Promo Channel | Email |
| Content/Offer | Webinar |
| MQLs | --None-- |
| Cost per MQL | Audio/Podcast |
| Sales Information | Blog |
| Description | Contact Form |
| | Demo/Product |
| | Event |
| | Infographic |
| | Newsletter |
| | Long Form (3+ pg) |
| | Short Form (1-2 pg) |
| | Survey |

With each campaign tagged with the Promo Channel (and Content/Offer), you can look for high-volume channels that you can prioritize for your marketing planning. From the below, it looks like Partner Marketing, Email, and Event (Sponsored) seem to be the high-volume channels.

Conversion: MQL to Won - By Channel



High-volume channels

MQL-Based Planning: Filling in Your Campaign Plan

With the campaign channels selected, you can dive deeper into specific campaigns to replicate or inspire future planned campaigns. You would repeat this drill-down for each channel and gain enough inspiration from past top performers to now layer in planned campaigns for your marketing plan. An example of a completed table is shown below. Notice the deprioritization of Website due to the low volume.

| | Estimated MQL Volume per Campaign | Estimated 2 nd Half Outcomes | | |
|---------------------------|-----------------------------------|---|--------------|---------------|
| | | # of Campaigns | Total MQLs | Total Cost |
| Partner Marketing | | | | |
| Partner Webinars | 150 | 10 | 1.5K | \$75K |
| Partner eBooks | 100 | 3 | 300 | \$12K |
| Events (Sponsored) | | | | |
| Annual Big Event | 300 | 1 | 300 | \$100K |
| Event 2 | 100 | 1 | 100 | \$60K |
| Meetups | 50 | 5 | 250 | \$1.5K |
| Nurture Emails | | | | |
| Webinars | 35 | 6 | 210 | \$300 |
| eBooks | 25 | 4 | 100 | \$200 |
| Website | | | | |
| Webinars | 20 | 3 | 60 | \$600 |
| eBooks | 20 | 2 | 40 | \$400 |
| Totals | | | 2,860 | \$250K |
| Goals | | | 2,840 | \$250K |

After all of this planning effort, it looks like this company has come up with a plan to reach its MQL goals for the second half of the year with its \$250K budget. The marketing team can then put this plan into action, tracking to its MQL goal throughout the rest of the year to ensure that it is on-track and to calibrate if necessary.

MQL-Based Planning: Meeting Your Revenue Goals

With MQL-based planning, the focus is on MQLs as the basis for planning campaigns as well as the main KPI to be monitored for performance tracking. Again, both overall conversion rate and average deal size were assumed as fixed numbers. In the below, take another look at the highlighted Totals and Goals rows from the previous table.

| EDUOKS | ZU | Z | 4U | \$400 |
|---------------|----|---|--------------|---------------|
| Totals | | | 2,860 | \$250K |
| Goals | | | 2,840 | \$250K |

To reiterate the numbers used in this scenario from prior pages, the overall MQL-to-Won conversion rate we assumed was 2.5% and an average deal size of \$30K. If we hit 2,860 MQLs as well as the 2.5% and the \$30K, our revenue would be \$2.15MM revenue (meeting the \$2.12MM revenue goal). This MQL goal tracking simplifies both our planning and reporting when measuring marketing performance.

But what if the campaigns only perform well from an MQL volume perspective and not in terms of conversion rates and average deal sizes? If a marketer only focuses on MQL volume in planning and tracking, these potential issues of underperformance would be hidden, until it's too late to course-correct. While simple and many times the methodology of choice due to ease and sufficiency, MQL-based planning can lack precision. In the following, we undergo the same campaign planning but using a revenue-based planning methodology, and we will compare and contrast the two methodologies.

Revenue-Based Planning: Methodology Overview

In contrast to MQL-based planning, revenue based planning more fully utilizes the other two factors in the formula $\text{Revenue} = \text{Volume} \times \text{Conversion Rate} \times \text{Average Deal Size}$, not just Volume.

Let's walk through a similar planning table as previously. We will re-use the assumptions from before: the company is planning for the second half of the year and is attempting to generate \$2.12 million in revenue, at a planned 2.5% conversion rate and \$30K average deal size (which implies an MQL goal of 2,840). See below for the start of a blank campaign planning table, this time for revenue-based planning.

| | Estimated Metrics Per Campaign | | | | Estimated 2 nd Half Outcomes | | | |
|---------------------------|--------------------------------|-----------------|-------------------|----------------------|---|------------|----------------|---------------|
| | MQL Volume | Conversion Rate | Average Deal Size | Revenue per Campaign | # of Campaigns | Total MQLs | Total Revenue | Total Cost |
| Partner Marketing | | | | | | | | |
| | | | | | | | | |
| Events (Sponsored) | | | | | | | | |
| | | | | | | | | |
| Nurture Emails | | | | | | | | |
| | | | | | | | | |
| Website | | | | | | | | |
| | | | | | | | | |
| Other | | | | | | | | |
| | | | | | | | | |
| Totals | | | | | | | | |
| Goals | | | | | | | \$2.12M | \$250K |

Notice the major differences between this table and the previous version. On the left half, there are additional columns for more assumptions per campaign, not just MQL Volume. The numbers you input into the first three columns will be multiplied together (Volume x Conversion Rate x Average Deal Size) to calculate Estimated Revenue per Campaign. With Estimated Revenue per Campaign, you can multiply by # of Campaigns to get Total Revenue for each row of campaigns.

Revenue-Based Planning: Incorporating Multiple KPIs

Let's illustrate the effect of revenue-based planning by using the same exact marketing mix that we generated in the MQL-based planning scenario before. Filling in the table with the exact same campaigns (but the revenue-based version this time), we get the below.

| | Estimated Metrics Per Campaign | | | | Estimated 2 nd Half Outcomes | | | |
|---------------------------|--------------------------------|-----------------|-------------------|----------------------|---|--------------|----------------|---------------|
| | MQL Volume | Conversion Rate | Average Deal Size | Revenue per Campaign | # of Campaigns | Total MQLs | Total Revenue | Total Cost |
| Partner Marketing | | | | | | | | |
| Partner Webinars | 150 | 1.0% | \$32K | \$48K | 10 | 1.5K | \$480K | \$75K |
| Partner eBooks | 100 | 1.0% | \$30K | \$30K | 3 | 300 | \$90K | \$12K |
| Events (Sponsored) | | | | | | | | |
| Big Annual Event | 300 | 4.0% | \$34K | \$408K | 1 | 300 | \$408K | \$100K |
| Event 2 | 100 | 1.25% | \$30K | \$37.5K | 1 | 100 | \$37.5K | \$60K |
| Meetups | 50 | 2.0% | \$25K | \$60K | 5 | 250 | \$187.5K | \$1.5K |
| Nurture Emails | | | | | | | | |
| Webinars | 35 | 4.0% | \$32K | \$44.8K | 6 | 210 | \$268.8K | \$300 |
| eBooks | 25 | 2.0% | \$25K | \$12.5K | 4 | 100 | \$50K | \$200 |
| Website | | | | | | | | |
| Webinars | 20 | 2.0% | \$31K | \$12.4K | 3 | 60 | \$37.2K | \$600 |
| eBooks | 20 | 1.0% | \$30K | \$6K | 2 | 40 | \$12K | \$400 |
| Totals | | 1.77% | \$31K | | | 2,860 | \$1.57M | \$250K |
| Goals | | 2.50% | \$30K | | | 2,840 | \$2.12M | \$250K |

We stated in previously that this marketing plan meets our MQL goals, and if you attain the 2.5% conversion rate as well as the \$30K average deal size, you would achieve more than our \$2.12M revenue goal. However, with estimated conversion rates and average deal sizes filled in for each channel, you can see that you would *not* achieve your revenue goal of \$2.12M. The company falls much shorter, due mainly to the much lower conversion rate. MQL-based planning enables you to aim for MQL goals, but it potentially causes you to miss the mark on other KPIs, and thus, miss the revenue goal.

Revenue-Based Planning: Selecting Campaigns

So, let's rectify this with more precise campaign selection. Much like in the MQL-based planning methodology, the next step is to fill the planning table in the previous page. Again, the marketing team decides based on different channels and individual campaigns, so this requires the aforementioned additional fields to the CRM. For reference, we show the default Salesforce campaign field (Type) compared to custom categorizations (Promo Channel being one).

Default Salesforce

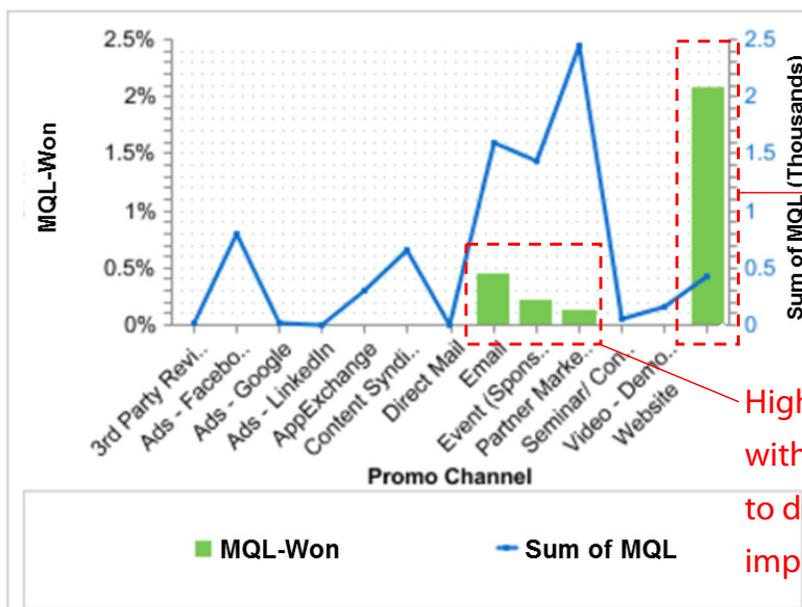
| | |
|---------------------|---------------------------|
| Campaign Name | August Monthly Newsletter |
| Parent Campaign | |
| Type | Email |
| Marketing Region | Global |
| Campaign Sourced By | Marketing |

Custom Campaign Categorizations

| | |
|-------------------|---------------------|
| Promo Channel | Email |
| Content/Offer | Webinar |
| MQLs | --None-- |
| Cost per MQL | Audio/Podcast |
| Sales Information | Blog |
| Description | Contact Form |
| | Demo/Product |
| | Event |
| | Infographic |
| | Newsletter |
| | Long Form (3+ pg) |
| | Short Form (1-2 pg) |
| | Survey |

Unlike in MQL-based planning, with revenue-based planning you would define "high-performing" campaigns as those with high volume and/or high conversion rates. We see that Website, Partner Marketing, Event (Sponsored), and Email are potentially high-performing channels.

Conversion: MQL to Won - By Channel



High-converting channel to help optimize second half

High-volume channels with opportunity to drive conversion improvements

Revenue-Based Planning: Filling in Your Campaign Plan

Similar to the MQL-based planning methodology, once you have the campaign channels selected (but this time with conversion rates also in mind), you can dive deeper into specific campaigns to replicate or inspire future planned campaigns. From those past top performers, you layer in planned campaigns for your marketing plan. The below is the filled in plan through revenue-based planning.

| | Estimated Metrics Per Campaign | | | | Estimated 2 nd Half Outcomes | | | |
|--------------------------|--------------------------------|-----------------|-------------------|----------------------|---|--------------|----------------|---------------|
| | MQL Volume | Conversion Rate | Average Deal Size | Revenue per Campaign | # of Campaigns | Total MQLs | Total Revenue | Total Cost |
| Partner Marketing | | | | | | | | |
| Partner Webinars | 150 | 1.0% | \$32K | \$48K | 6 | 900 | \$288K | \$45K |
| Partner eBooks | 100 | 1.0% | \$30K | \$30K | 3 | 300 | \$90K | \$12K |
| Event (Sponsored) | | | | | | | | |
| Annual Big Event | 300 | 4.0% | \$34K | \$408K | 1 | 300 | \$408K | \$100K |
| Event 2 | 100 | 1.25% | \$30K | \$37.5K | 1 | 100 | \$37.5K | \$60K |
| Meetups | 50 | 3.0% | \$25K | \$37.5K | 4 | 200 | \$150K | \$1.2K |
| Nurture Emails | | | | | | | | |
| Webinars | 35 | 4.0% | \$32K | \$44.8K | 10 | 350 | \$448K | \$500 |
| eBooks | 25 | 2.0% | \$25K | \$12.5K | 4 | 100 | \$50K | \$200 |
| Other | 25 | 2.0% | \$25K | \$12.5K | 2 | 50 | \$25K | \$100 |
| Website | | | | | | | | |
| Webinars | 20 | 2.0% | \$31K | \$12.4K | 5 | 100 | \$62K | \$1K |
| eBooks | 20 | 1.0% | \$30K | \$6K | 4 | 80 | \$24K | \$800 |
| Demo/Product | 35 | 10.0% | \$30K | \$105K | 6 | 210 | \$630K | \$600 |
| Other | 10 | 1.0% | \$27K | \$2.7K | 8 | 80 | \$21.6K | \$1.6K |
| Other | 20 | 0.5% | \$25K | \$2.5K | 3 | 60 | \$7.5K | \$15K |
| Totals | | 2.58% | \$31K | | | 2,830 | \$2.24M | \$238K |
| Goals | | 2.50% | \$30K | | | 2,840 | \$2.12M | \$250K |

Notice that this plan has de-emphasized Partner Webinars and adds more Website campaigns due to how high-converting Website MQLs are. In the Totals row, you can see that the conversion rate is much higher than in the prior MQL-based plan. In fact, due primarily to the conversion rate, this company is able to achieve its revenue goal of \$2.12M even while underachieving on its MQL target. As a bonus, the company spent \$12K less in marketing in this plan than in the MQL-based plan!

Comparing MQL-Based vs Revenue-Based Planning

As you can see, the two different planning methodologies can yield very different marketing plans, and in effect, different performance outcomes. There are benefits and disadvantages to each. The below summarizes the differences between the two, as well as some other rubrics to help you decide which methodology might be right for your company.

| | MQL-Based Planning | Revenue-Based Planning |
|-----------------------------------|---|--|
| Definition of Process | <ul style="list-style-type: none"> Filling in a campaign calendar with a focus on meeting the MQL goal, predicting an MQL volume generated from each campaign while assuming an <i>overall</i> marketing conversion rate and average deal size to impute revenue | <ul style="list-style-type: none"> Filling in a campaign calendar by creating an assumption of MQL volume, conversion rate, and average deal size for <i>each campaign (or each channel)</i> to estimate a more custom revenue per campaign (or channel) figure |
| Pros | <ul style="list-style-type: none"> Simpler planning One target KPI to track and calibrate for throughout the year MQL is a leading indicator of performance, no need to wait for long sales cycle to finish to track MQL goals | <ul style="list-style-type: none"> Potentially more precise if there has been distinctly different conversion rates and/or average deal sizes for different campaigns / channels Likely leads to a habit of more frequent and closer tracking of other KPIs and revenue (especially by campaign) throughout the year |
| Cons | <ul style="list-style-type: none"> Less predictability and confidence in meeting revenue goal Can potentially create a narrow focus on MQL count, and less likely to form habit of tracking other KPIs, especially by campaign | <ul style="list-style-type: none"> More complex planning Requires more upfront investment of time to get the configuration of KPIs that will hit the revenue target Revenue lags behind MQL for a gauge of marketing performance, especially if sale cycle is long |
| Company Profile | <ul style="list-style-type: none"> Usually smaller company with fewer resources to invest in planning and metrics Earlier stage company that benefits heavily from generating reach but will eventually shift over to a greater revenue focus | <ul style="list-style-type: none"> Usually larger company with more resources to invest in planning and metrics Later stage company that does not benefit as much from generating reach and increasingly values optimizing conversion rates and average deal size |
| Marketing Mix and Segments | <ul style="list-style-type: none"> Less variety in marketing mix and segments, and therefore likely less variance in conversion rates and average deal sizes | <ul style="list-style-type: none"> More variety in marketing mix and segments, benefits from better precision in estimations of conversion rates and average deal sizes by campaign / channel |

Conclusion

Planning is key to ensuring that marketing achieves its goals. With a solution such as Full Circle Insights, the data is all in your CRM for you to drive actionable, powerful, and granular insights. With performance data and insights, you can drive sophisticated planning and execution as a performance-driven marketer. While there are many ways and methods of marketing campaign planning, this step-by-step guide ensures that you understand and can distinguish the philosophies behind the two main KPI-oriented approaches. In the end, we hope you can gain the confidence you need in your marketing plan to achieve your marketing objectives and goals.

About Full Circle Insights

Full Circle Insights delivers marketing and sales performance management solutions to optimize a company's marketing mix and drive more revenue. The company offers multi-touch attribution, comprehensive funnel metrics and lead management technology. Built 100% on the Salesforce App Cloud, Full Circle Insights' products complement leading marketing automation solutions.

Founded by former Salesforce executives, CRM implementation veterans and marketing automation specialists, the Full Circle Insights industry pioneers are seasoned in creating marketing measurement foundations to grow revenue.

Learn more at www.fullcircleinsights.com.

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