

The Role of KPIs and Metrics in Digital Marketing

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ABSTRACT

Digital disruption is happening all across the companies and industries all over the world. India is not behind and most of the industries are going to be affected in the way they think, design the processes & SOPs, monitor and manage the work. Even though the products & services are world class, if you could not let your customers know, you could be behind or have to bind-up the business. In India, most of the people have smart phones and they spend much time comparatively five years back on social media and many other related digital mediums and hence it creates a huge virtual market and potential customer base. Different channels will have their own pros & cons however companies & industries are using digital medium for many kind of business purposes such as customers engagements, products & services reviews, acquisition of customers (existing as well as new), Selling the products & services, feedback management, and many more. Now, it is challenging to track & manage all things to evaluate & monitor the business goals continuously (24x7). Goals may vary company to company and industry to industry and hence Key Performance Indicators (KPIs) & metrics play an important role. The KPIs & metrics what you learnt, managed, monitored and reviewed earlier may seems little different what you see today however they have the similar goals what we had for normal KPIs & metrics. This paper aims to understand in details about digital KPIs & metrics and why are these required & important in digital era. Digital KPIs & metrics are the backbone of web analytics. Many digital KPIs & metrics are explained with their specific objectives to understand and these could be used for business purpose to optimize & achieve the bottom line of the organization in the digitally adopted social world.

1. Introduction

What is KPI? KPI is defined as a measurable value that demonstrates how well & effectively organization is achieving key business objectives. As per Oxford's dictionary, KPI is defined as a quantifiable measure used to evaluate the success of an organization, employee, etc. in meeting objectives for performance. According to Wikipedia, KPI is a type of performance measurement as KPIs evaluates the success of an organization or of a particular activity (such as projects, programs, products and other initiatives) in which it engages. It is used at multiple levels to assess its accomplishment at reaching objectives. Different level KPIs have different objectives like high-level KPIs may focus on overall performance of the business while low-level may spotlight on the processes & procedures in the various departments like Marketing & Sales, supply chain, logistics, Human Resource, and Services etc.

What is Metrics? The dictionary meaning of metric is - a system or standard of measurement. According to Investopedia.com, Metrics are measures of quantitative assessment commonly used for assessing, comparing, and tracking performance or production. Generally, a group of metrics will typically be used to build a dashboard that management or analysts review on a regular basis to maintain performance assessments, opinions, and business strategies

KPIs/Metrics in digital era are used to evaluate the organization's performance & success across all digital channels whether it is Social Media Marketing via social network channels such as YouTube, Facebook, Instagram, Twitter, LinkedIn etc., Mobile Marketing via auto-calling, SMS or WhatsApp etc, Search Engine Marketing via SEO (Public Relations, Collateral Material, Guest Blogging, Direct Mail), Google Advertising, E-mail Marketing, or Content Marketing (It could be video, poster, blog, story or any other relevant content on digital form for self, companies or any affiliates via social media platforms or websites) etc. In other words, Digital marketing KPIs are used to measure & evaluate the performance of digital marketing goals.

2. What are digital KPIs & metrics and why are these required?

Digital KPIs/Metrics are nothing but the similar kind of KPIs/Metrics with same goals to evaluate & monitor the success of the business. However, digital KPIs/Metrics as name suggests are 100% rely on digital channels such as social media, SEO etc. Industrial revolution 4.0 has been started and most of the businesses have started to adapt them sooner to compete in the market place. It is very essential for all industries and companies to have presence on digital market place some form or other. It could be website to optimize it through SEO, social media presence etc. It helps to monitor your business objectives quick & instant.

3. What to measure? Got confused? Don't worry!!

Now, question arises, what to measure? What is/are right KPIs for you? Every company has its individual goals and hence KPIs may be different for every company. For example, a new start-up may have an objective to make awareness

about the company & its products or brand awareness while a well established company may have a target of increasing sales etc. Some KPIs and metrics are given below which are used globally to measure company's digital marketing goals.

4. Important KPIs and Metrics are given below and explained

Website Traffic	Bounce Rate
Website Visits Per Marketing Channel	Conversion Rate (CR)
Average Session Duration	Click-Through Rate (CTR)
Page Views	Social Reach
Traffic by Source	Email Open Rate
Sessions	Impressions
Highest Visited Pages	Social Engagement
Exit Rate	Cost Per Click (CPC)
Cost Per Acquisition (CPA)	Sales qualified leads (SQL)
Cost Per Lead (CPL)	Marketing Qualified Leads (MQL)

1. Website Traffic

According to yourdictionary.com, the definition of a website is a page or collection of pages on the World Wide Web that contains specific information which was all provided by one person or entity and traces back to a common Uniform Resource Locator (URL). It could be treated as a virtual office & information center where prospective customer could visit and interact with your products & services and hence all your efforts through digital marketing should be focused to drive traffic here. The traffic could be brought by running individual campaigns or through by ads, digital banners etc. Website Traffic metric may provide insights such as how is your campaign performing, on what channel and at what time. In case, you see a steady decline in traffic while conducting steady marketing efforts, think troubleshooting your website. You may find broken links, a Google algorithm penalty, or any other technical issues which discouraging visitors to reach on your website. Few guidelines which may encourage traffic to your website:

- **SEO** - Optimise website pages with relevant keywords
- **Promotion:** Promote your content through social media channels
- **Bloggng:** Constantly publish your blog with depth & relevant content for your target viewers
- **Offers/Discounts:** Create targeted ads to a landing page with some offer or discounts

2. Website Visits Per Marketing Channel

Let us understand what is Website Monitoring? And why do you need it? Website monitoring is the act of tracking the availability and performance of websites to minimize downtime, optimize performance and ensure smooth user experience. Maintaining website uptime is essential to any business and website application monitoring is a thus a serious challenge for most businesses. Applications Manager website application monitoring service enables businesses to keep up with the health, availability and performance stats of your websites and get notified before it's too late

Why do you need Website Monitoring Tools and how does it work? Response time of three seconds or lower is an indicator of ideal website performance and any downtime may directly lead to loss of profit & customer disappointment that is why a real time website monitoring tool is absolutely essential for business. Website monitoring tools measure response times of all important dealings on the website and tracks the elements accountable for the delays to help troubleshoot issues much faster before it affects end users. Website monitoring tool such as Applications Manager helps to:

- Monitor the health & availability of a single webpage or an entire series of web pages.
- Use synthetic transaction monitoring to analyze end user experience with your website.
- Monitor critical page workflows and test application
- Track unauthorized changes, if any, made to the content elements of the website.
- Measure web application performance from anywhere.

3. Session and Average Session Duration

Sessions refer to the number of visits your websites receives. Google specifically counts this in 30-minute increments, meaning it triggers this website traffic metric only once every half hour for each individual user. Think of as an example: Users may trigger a session in the morning to shop, and then visit again later in the day to add something new to their cart. Each of those are considered unique sessions. Depending on your website's function (informational, ecommerce, etc.) or the industry, the time on site metric can vary in its relevance to your campaigns.

Average Session Duration is a general indicator of how long visitors spend on your site entirely. This helps you to understand how your site performs from a user experience standpoint.

- Is your website easy to navigate?
- Are users finding what they're looking for quickly?
- Is the content valuable and worth reviewing at length?

Points to enhance average session duration:

- Use Bucket Brigades to help readers stay engaged
- Add a video content
- Increase the readability of your copy

4. Page Views (PVs)

This is the total number of pages viewed. A user who repeatedly visits the same page will trigger this metric, so it's the broadest of all page-related measurements for digital marketing success.

However, it's one of the most important website traffic metrics.

It's relevant to know how many pages are visited on your website in a given time period. This helps you to understand if your entire site is of value or if only certain pages are.

5. Traffic by Source

This metric tells precisely where your website visitors are coming from. Being huge no of digital marketing platforms and limited time & resources, it is important to monitor 'Traffic by source metric' as it helps to decide which source is doing good as desired and which one needs a little more concentration. It also helps to narrow down where you will spend your important time & money creating content.

- **Organic Search:** These users clicked a link on a search engine result that brought them to your website.
- **Direct Visitors:** These users typed your URL directly into the search bar, or perhaps have it bookmarked and returned to visit.
- **Referrals:** These users were sent to your website when they clicked a link from another website.
- **Social:** These users came to your website after finding your social media profile or content posts.

6. Highest Visited Pages

To further determine which areas of your website are most valuable, look at this metric. You can find it in the "Behaviors" section of Google Analytics.

The Most Visited Pages metric uncovers all sorts of information about exactly where your site's visitors are going and for how long. For a deeper analysis, check out the Behavior Flow.

7. Exit Rate (ER)

Here's a metric that is very specific and reveals quite a bit about your website design and user experience.

If your campaign is meant to drive new users to your website for a more general "learn more" branding effort, the Exit Rate metric will show you exactly where they left after they reviewed your content.

Unlike Bounce Rate which triggers when someone views only one page, Exit Rate tells you where the user lost interest after spending some time exploring.

Make sure they don't lose interest in your brand!

8. Cost Per Conversion / Cost Per Acquisition (CPA)

Your Cost Per Acquisition (CPA) is only relevant when you have returning customers. This doesn't just apply to subscription-based businesses or even ecommerce sites. Consider how a private golf community calculates CPA knowing that their members pay monthly dues.

Understanding the lifetime value of a customer helps you back into the proper amount you should spend to acquire a new one.

This marketing KPI shows how much it cost to acquire a lead that also converted to paying customer. While an advertising campaign can generate hundreds of leads for you, often only fewer than 2% of them turn to a client.

If the cost-per-conversion is lower than your customer lifetime value, your marketing strategy is wasting resources instead of generating profit.

9. Cost Per Click

Cost per Click applies to both pay-per-click marketing and a number of social media platforms that offer the clicks-to-site ad type. These online metrics reflect the amount you pay for each individual click a user performs. This is relevant as it directly relates to your overall marketing budget in this area. Your budget can only go so far; the lower your CPC that farther it goes.

10. Cost Per Lead (CPL)

Every single marketer should monitor this lead generation KPI. Cost-per-lead shows the cost of acquiring a new prospect. Complemented with cost-per-conversion metric, you can evaluate whether various marketing activities pay off the effort, time, and resources spent to attract new leads.

11. Bounce Rate (BR)

Different from Exit Rate, the Bounce Rate metric is the percentage of users who leave (bounce away) from your website after viewing only one page.

This metric can help reveal that visitors may be leaving because

- The site takes too long to load
- They did not immediately find what they were looking for
- They found relevant content but were not compelled to click further
- An error page loaded

Unless your website is set up to send users to a separate URL for conversion, you should look to the Bounce Rate number to determine if your campaign is effective.

If you are marketing a new product but your link sends users to the website's Home page, you're likely to have a high bounce rate. Therefore, combat this by sending them to a page that is highly relevant to the path you want them on.

Here are some tips which help in reducing bounce rate on your website:

- Use a compelling call-to-action button
- Decrease your page load time

- Add internal links to your page copy
- Include images, videos or any other visuals in your content

12. Conversion Rate (CR)

Google Analytics can help measure the number of conversions made on your site. However, conversions may mean different things depending on the campaign. For example, conversions might be an actual sale, a subscriber, a completed download, a lead entry etc.

Oftentimes, the number crunchers only look to this digital marketing metric to determine if your campaign is effective. However, it's only one piece of the puzzle and should be part of your overall digital marketing strategy.

Guess what: there are even more digital marketing metrics you need to measure.

Below, take a look at some others related to your online strategy such as Social media metrics, Advertising metrics, and Email marketing metrics

13. Average time of conversion

Monitoring the time for leads to convert into paying users shows the effectiveness of your sales process. In case, the conversion time is too long, your prospects might lose interest in your products or services, and you might end up losing them to a competitor.

14. Retention rate

This key performance indicator shows the number of customers who keep using your product over an extended time period and makes repeat purchases. Retention rate provides the information about customer engagement with your products and services and hence it is important to measure it. Furthermore, you can evaluate whether your customer support and user experience help to build and maintain customer loyalty. **Here is a formula to calculate the Retention Rate:**

$$\text{Retention Rate} = ((\text{CE} - \text{CN}) / \text{CS}) \times 100$$

CE = number of customers at end of period
 CN = number of new customers acquired during period
 CS = number of clients at start of period

15. Attrition rate / Churn Rate

This metric shows the percentage of customers no longer buying your products or services. Increased churn rate could be a sign of poor user experience or slow service performance.

16. Returning vs. new visitors

By measuring the percentage of returning visitors, you see how engaged your audience is. For example, a low return rate on a blog page might indicate that your content isn't compelling enough for people to come back for more.

17. Visits per channel

Understanding your inbound traffic sources helps to determine the most profitable marketing channels. If you have

recently run a paid ad campaign, you can assess its performance by looking how much traffic (and leads) it has brought.

18. Average time on page

This metric is especially important for organic search traffic as Google ranks pages based on their relevance. If a visitor leaves your website immediately after appearance, search engines will know that the content they saw was not as per his/her expectations. The higher your website's average time on site, the more likely you rank well on search results and convert more visitors to leads.

19. Website conversion rate

A web page might be visited hundred times. But if it does not convert, there is no use in directing paid traffic to this site.

20. Conversion rate for call-to-action content

In case, you have created web pages or content with a clear call-to-action, you should measure whether these convert. This marketing metric is especially useful if you are using pay-per-click campaigns to drive traffic to specific pages. By comparing the price per conversion and customer lifetime value, you're able to evaluate the sustainability of your CTA content.

21. Click-through rate on web pages

CTR shows how effectively your website's call-to-actions attract user's attention and make them click for more information. It may be a CTA button or a link to another piece of content that's click through rate to be increased.

22. Traffic from organic search

This SEO metric shows the number of monthly website visits that come through search engine results from Google, Bing, etc. Organic search is highly beneficial as it's free and generates targeted leads.

23. Conversions from organic search

See how many leads from organic search convert into paying customers. This KPI shows whether your keywords that rank high in search engine results are linked to your value proposal. Low organic conversion rate indicates that you might have high-ranking keywords that confuse the audience and deliver wrong messages about your service or product offer.

24. Leads & conversions from paid advertising

Monitor the number of monthly leads and conversions from cost-per-click advertising as a percentage of overall results. It gives an overview of your non-paid marketing performance.

25. Cost per acquisition (CPA) & cost per conversion

Acquiring leads and customers through cost-per-click advertising may be quite expensive, it is extremely imperative to monitor the return on investment (ROI). Evaluate the number of cost-per-conversion with customer lifetime value to ensure campaigns are profitable in long term. You can also monitor the cost per acquisition, but it is cost-per-conversion that reflects the actual profitability of paid campaigns.

26. Click-Through Rate (CTR)

CTR metric may be applied to email marketing and paid advertisements as well. Clicks on email blasts are often some of the highest conversion drivers across the board. CTR relates to pay-per-click helps to determine relevance score and affects Cost per Click.

27. Social Reach

The posts you make on your social media platforms are meant to reach a wide number of users. This social media metric tells you exactly how many people were reached (i.e. saw your content).

Now, the number of people reached is always much larger than the number who engage. A benchmark aim is to see 2-5% engagement based on your overall reach.

Social media reach may be increased using below tips:

- Fully brand all your social media profiles
- Post curate and original content consistently
- Engage with your formed community. Be active in the community.

28. Email Open Rate (EOR)

Email Open Rate measures the number of users who open your email campaign as compared to the overall number of those who received it. High open rate indicates that proper segmented list, subject line might be attractive, and time of sending the mail was appropriate.

29. Impressions

Sometimes confused with reach, an impression is the larger overall number of views your content or advertisement receives. Your content on social media or a pay-per-click ad may be shown multiple times to the same person. Each time is counted as an individual impression. This number will always be higher than reach because the reach metric is only triggered once per user.

30. Social Engagement (SE)

Social Engagement reflects the total number of interactions made on any given social media post. Engagement could be in any form such as likes, shares, clicks, comments, etc. To track & analyze social engagements are important as user directly chooses to interact with your content. Because of this, you can easily rank your content types based on how much engagement they receive. It helps to guide your upcoming content creation

31. Cost Per Click (CPC)

CPC applies to both pay-per-click marketing and a number of social media platforms that offer the clicks-to-site ad type. These metrics reflect the amount you pay for each individual click a user performs. It is essential as it directly relates to your overall marketing budget in this area.

32. Marketing Qualified Leads (MQL)

MQLs are those leads which marketing team has evaluated and decided to forward to the sales team.

33. Sales qualified leads (SQL)

SQLs are those leads which sales people believe prospective customers, leading to focused concentration and moving the leads further into the sales cycle.

34. Sales-accepted leads (SAL)

SALs are those leads which Prospects that the sales team has accepted and will follow henceforth.

5. Web analytics

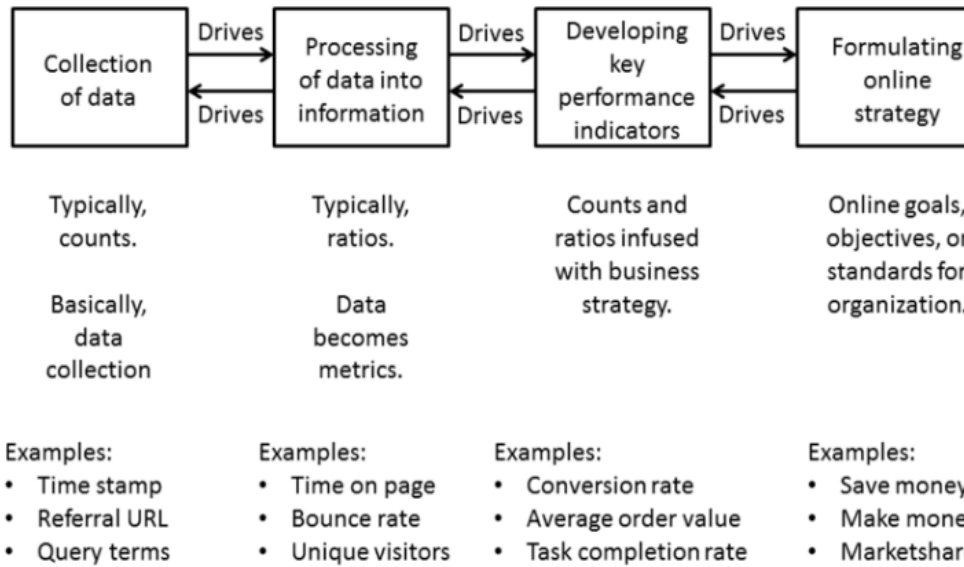
According to Techopedia.com, Web analytics is a set of strategic methodologies implemented to maximize online and e-commerce activities. Web analytics extracts and categorizes qualitative and quantitative data to identify and analyze on-site and off-site patterns and trends. Analytic techniques and requirements vary as per business requirements. Web analytics services may be supplemented with correlated sources, including email marketing response rates, direct mail, sales and website performance data. Web analytics is the measurement, collection, analysis and reporting of web data for purposes of understanding and optimizing web usage. However, Web analytics is not just a process for measuring web traffic but can be used as a tool for business and market research, and to judge and improve the effectiveness of a website. Web analytics applications could also help organizations measure the results of conventional print or broadcast advertising campaigns. It helps one to estimate how changes traffic to a website after the launch of a new advertising campaign. Web analytics provides information about the number of visitors to a website and the number of page views. It helps determine traffic and attractiveness trends which is useful for market research.

Basis Steps of Web Analytics Process: There are four crucial steps in the majority web analytics processes and which are as follows:

1. **Data Collection:** This stage is the collection of basic & elementary data. Generally, these data are counts of things. The aim of this stage is to gather the data.
2. **Extracting Information out of Data (Data Processing):** This stage usually takes counts and makes them ratios, though there still might be some counts. The objective of this stage is to take the data and conform it into information, particularly metrics.
3. **Developing KPI:** This stage focuses on using the ratios / counts and infusing them with organization strategies, known as key performance indicators (KPIs). Normally, The KPIs deal with conversion aspects, but not always which depends on the organization.
4. **Formulating online strategy:** This stage is concerned with the online goals & standards for the business. These strategies are usually related to making money, saving money, or increasing market share. There is also a special type of step as stated below:

Experiment and testing which is called A/B testing: The aim of A/B testing is to identify and recommend changes to web pages that increase or maximize the outcome of a statistically tested result of interest. Each stage impacts or

can drives the stage preceding. Therefore, sometimes the data that is available for collection impacts the online strategy and others the online strategy affects the data collected.



Source: Wikipedia

6. Conclusion

In the digital era, most activities & goals are measured by key performance indicators (KPIs) directly or indirectly to have better control on business. These are used widely in almost every companies & industries now a day as these are quicker and effective in tracking whether the company is on track to achieve its goals. If you have key performance indicators in your company, remember that the processes & technologies are constantly evolving and hence you may need to update

your current KPI framework more rapidly than you think. Keep self updated & upgraded with digital tools. You have to be very cautious while setting up digital key performance indicators for any business as there are multiple things to consider. Choose suitable key performance indicators is a key skill for digital marketers and social entrepreneurs. You may not be get it right every time however taking the time to predict what you can achieve and then measure your performance will help you to grow as a digital marketer.

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