How the Pros Turn

Marketing Analytics

Into Effective Marketing Strategies

Featuring Insights from Five Top Digital Marketers

Eric Enge | Andy Crestodina | Larry Kim | Steve Rayson | Chad White

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*By Barry Feldman, Content Specialist &
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INTRODUCTION

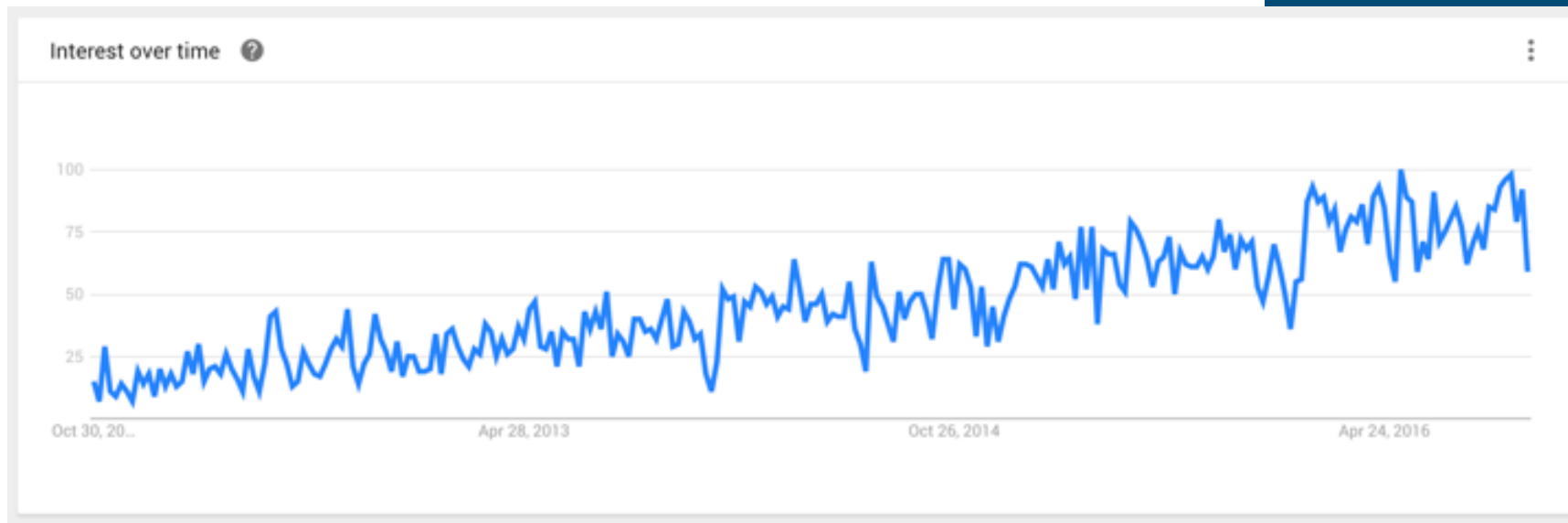# The best digital marketers mind their metrics

A great digital marketer won't claim to have all the answers. Instead, he or she never stops asking questions:

- How are our marketing programs performing?
- Where do our competitors excel?
- What channels are producing the best outcomes?
- How can we better allocate our resources?
- What can we do to improve?

The answers come from **marketing analytics**—the evaluation of marketing initiatives by using key metrics to measure performance.

To get a holistic perspective on marketing programs, digital marketers must inspect website behavior, but also understand the channels driving traffic, such as advertising, email, and social media.

The topic is deep and wide (and hot)

Five experts help cut through the complexity

Here's a small slice of analytics for you: a simple chart depicting **search volume for the phrase "digital marketing analytics"** the past five years from Google Trends. The results clearly confirm the appetite to learn more about the topic has steadily risen.

Our charter at Alexa is to help you find answers to the critical business questions you must ask to perpetually improve your digital marketing results. While it would be impossible to make such a deep and wide topic simple to understand and master, Alexa is, in fact, on a mission to help simplify your journey into digital marketing analytics.

We created this eBook to help you understand essential marketing analytics principles for SEO, conversion, pay-per-click advertising, social media marketing and email marketing. To do so, we reached out to leading experts on each discipline and asked them to answer a short series of fundamental questions.

The insights gathered here are golden.

We're excited to share them with you and hopeful the ideas offered by these accomplished digital marketing professionals will help you leverage marketing analytics to become a little more effective every day.

If you were speaking to somebody who had never done SEO, how would you explain the value of analytics?

Eric: I'm going to give you an analogy. Imagine you're standing outside with somebody and they're asking directions on how to get somewhere. You're standing in a parking lot and they want to get to the building on the other side of the street. You can probably work it out without too much difficulty.

But now blindfold them and expect them to get there. That's what it's like trying to do marketing without analytics. You just don't have any vision of how to get there. You might know what you want to accomplish, but you can't measure, and you can't iterate.

You can't figure out the steps required to get there without good analytics.

Which metrics should a beginner concern himself with? Which metrics would you focus on?

Eric: There are a lot of directions I could go with that question, quite honestly, but the most important thing, from an SEO perspective, is knowing where they're currently making their money from SEO. What keywords are driving traffic to their site?

Then they need to understand where the opportunities are where they may be missing out.

The third thing is, where are your competitors making their money? You need to try to figure out why. When you're done with that, it comes down to, in SEO terms, **what keywords are delivering traffic to your site and how are they converting?**

There is a big difference between looking at analytics and acting on them. How should a search marketer act on their analytics?

Eric: That's a great question and part of the reason why I quickly focus on where you're making your money—or where you *should* be making your money. When you're trying to decide how to act, you need to make sure you're prioritizing, first and foremost, on something that will make a difference to your business.

One of the challenges with analytics is you can easily find yourself in a situation where there is so much data that you can get your hands on and you can spend hours digging through numbers and go deep into different rabbit holes that aren't very productive. So at the end of the day, once you've established where you have opportunities to make more money than you are now, by tying it to traffic, then it becomes a matter of how do you improve those pages for SEO so they're more likely to rank?

Then… how can you promote those pages more effectively so they get visibility—most notably in the form of links and third-party websites, which will help your SEO rankings improve.

The thing that we do often is look at what's going on for competitors and what's working for them.

I love competitive analytics, because it really gives you a lot of insight into who is winning on given search terms and given businesses.

So then you can start trying to figure out why.

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- *On-Page SEO Checker*
- *SEO Audit Tool*
- *Competitor Backlink Checker*

We've done this for a number of clients where we'll look at the competitive analytics. We'll see that so-and-so (I'm not going to name specific companies) is doing really well for this competitive search term. Then we'll go look at that and we'll realize, oh, they're talking about the content this way and it's a little different than what we do. They cover this topic much better than we do. So maybe we ought to do try to do it better than that.

We might also dig a little deeper and realize, oh gosh, they got links from these three major news sites. Maybe we could try to generate news stories and attract those kinds of links too. This kind of competitive analytics is so powerful. It works all the time to help you figure out how you can improve your strategy and get rankings.

Can you think of an example with a client where SEO analytics affected the strategy?

I'll give you one really simple case study. We had a client who ranks very high on a major holiday related keyword. In fact, their business is so centered around the holidays that they literally make all of their annual profit in December.

With this major keyword, they dropped from position two to position three in late November. So we dug into some analytics and were able to figure out that in their case what had happened was one of their competitors had gotten written-up in a major news story. And the link that the competitor got out of that was what caused them to jump over our client in the rankings. But it turns out that the situation was that the news story could quite legitimately have also mentioned our client. So we called the writer and said, "Hey, can you add our link to the news story?" And they did. And within a week they were back in the number two spot.

Search changes frighteningly fast and it's very hard to keep up. Has analytics changed a lot in recent years?

Eric: There has been a lot of change. **One of the things that has changed things a lot is the growth of mobile devices.** The rise of apps gives you another category of things to track. And what you use to track them and how you track them differs. Now you have to be so much better at segmenting.

You might be doing great on your desktop strategy and not so well on your mobile strategy. Or you may be doing great on both desktop and mobile, but your competitors are killing you because they have an app that everybody's signing up for. And it gets very hairy working through all these various scenarios.

So the changes are more like expansions?

Eric: Absolutely. One of the things that hasn't changed in analytics for some time is just understanding what we call **attribution**. That's very hard because so many user transactions now involve multiple steps.

Somebody discovers you originally through organic search. Next, they click on a paid ad in Google. Then a little later they get a retargeting ad somewhere and they click on that and then convert. So which of the three things do you credit the sale to? That's one of those problems that is tough to solve.

Can you offer beginners some ideas about how to go about identifying a keyword that's going to be fruitful?

Eric: There are things called **"keyword research tools,"** which will help you find out what search terms have the most volume. But usually you can have some intuition about that, even if you're not good with using keyword research tools. It should be clear that "patio chair" is going to have more search volume than "where can I buy a patio chair today?"

The challenge is the phrase "patio chair" is going to be very difficult to rank for because a lot of people are trying to do it and they've been working on it for probably more than a decade—some of them. On the other hand, "where do I buy a patio chair today" is such a very specific term. Even though very few people search on it, it's going to be a lot easier to rank highly for it.

So the thing that you want to try to do is try to find the midpoint. Because "where do I buy a patio chair today," since almost no one searches on that, it's not that helpful to rank for. So now you want to start trying to find out what if I say "blue patio chair" or "patio chair with cushions" and try to get a little more specific without getting a lot more specific. You still have some search volume and it's going to be a little easier to rank.

The other thing you can do without being an expert is just look at the search results and **see who is ranking ahead of you.** If the phrase you're trying to rank on is "windows," I can promise you you're not going to rank number one. It will be Microsoft and that's the way it's going to be. And then Andersen Windows— probably what most people thought about when I said the word "windows"—will be ranking very high. That's just way too competitive, so you can do some very simple things to look at the strength of the brand that's ranking and come up with a qualitative feeling for what you have a better chance for winning on.

It's like the ocean's too big: you'll drown there. There are sharks in there. Or the pond's too small. Nobody is ever going to find it or look for it. So you want to find a body of water that's probably a lake in which you have a fair shot at ranking.

Eric: Yeah. And then focus heavily on it and produce better content than anybody else ever has. Then find ways to promote it to attract attention to it.

Links are still a big deal in SEO. If you can get people to link to your page, and you have that combination of more focus than the other guys, far better content, a little bit of visibility, it's a pretty good recipe right there.

Analytics for Conversion

Andy Crestodina

Co-founder of Orbit Media Studios,
Author of *Content Chemistry*

If you were speaking to somebody for the first time about using analytics for conversion, how would you explain its value?

Andy: I'd say use analytics to focus on both sides of the equation: attracting visitors, and then, getting those visitors to take an action. Because a million visitors really doesn't help you if zero percent take action on your website. So half of the battle is to attract them and the other half is get them to take action—to convert.

Now, it's not a vague action. I'm not talking about visiting pages. I'm talking about literally changing their status where they convert. They're converting into a lead, or a subscriber, or a job candidate, or a donor, or a buyer on e-commerce, a purchaser. So their actual status and relationship with you changes in that moment when they take action.

So whether or not your marketing and your website work together well to convert the visitor is something that is perfectly and totally measurable in your analytics and that is the analytics of conversion.

You can do things like measure which **sources of traffic** brings visitors that tend to convert; which pages and content are effective at supporting conversion; and where you lose visitors and have no more chance to convert.

All of these things are measurable and together they make up what you could call conversion analytics. It's an absolutely key piece. It is literally half of the battle in digital.

What should a beginner measure?

Andy: Once you have it all set up properly, there are all kinds of reports that begin to light up inside your analytics—all the conversion reports and certain columns inside other reports.

In both the traffic sources reports and channels reports, you can see the **conversion rate for each source of traffic.** And the far right column in the pages report will show you **the value of the conversions** for each piece of content.

You don't want to pay attention only to the total number of conversions. Pay attention to the conversion rate. What matters most is the conversion rate because even if you have a small percentage of visitors from one social network, but it shows a high percentage of those people took action, that's going to give you clues about where to focus your energy, where to put your efforts.

You can optimize your conversion better by focusing on the sources of traffic that produce a higher percentage of visitors taking action.

You're saying you can look at percentages and dollar values as well?

Andy: Yes. When you create a goal in analytics you can assign a value to that goal, a dollar value. Fancy marketers might try to calculate the actual dollar value of different types of conversion, which is a worthy exercise, but quite difficult.

I find the easiest way to get started is just to put any number into the goal value field when you set up the goal, even $1. The important thing is not to leave it blank. As long as there's a number in there it will show you the "theoretical" value of that page for each visit to that page.

The example we were looking at the other day is 4 in 100 people who visit your About page become a lead, and if a lead is worth a dollar, then every visit to your About page is worth 4-cents. You might have other pages that are worth more. This will guide your marketing and it would be a type of conversion analytics, because now you know which pages are building the most trust, answering the questions, and supporting your funnel best. So these are examples of ways in which you can start looking at these numbers and then making decisions based on them to get better results— without getting any additional traffic.

So with that approach, when you get right down to it you're looking at percentages, aren't you?

Andy: Yeah, that's the key point. For conversion optimization, what we're trying to do is find the actual percentage of people that convert and then beat yesterday.

Our goal is to beat yesterday. What we care about is our current conversion rate and what experiment can we do, what test can we try, what change can we make that would improve the conversion rate from before?

Go do that, and keep doing that, make it part of your ongoing marketing efforts and you will gradually start to generate more demand and make more money without actually doing any extra stuff.

How else should a conversion marketer take action on what they find in their analytics?

Andy: You can look at your analytics and see where people are leaving your website. Then you go look and see if you can somehow improve that page to keep them there.

You can see if people are leaving your contact page. One example of a report that shows this to you is your **funnel visualization report.** It will show you if people left, how many people completed the contact form—and, if people left—where they went.

So if people who make it to your contact page leave and go to the special offers page, then they didn't get all the information they needed before they took an action. To keep them from leaving, look for ways to put information there that they wanted to find, but didn't. So that's an example of a way to optimize.

Maybe your contact form is asking too many questions. Try removing fields from your contact form and see if it converts at a higher rate. Or add a picture of a person. Or add urgency. Or change the call to action. These are all little things that you can do to one specific page to keep people there and to maximize the value of the visitors you already have.

That's the definition of optimization. It's not a one-time thing; it's an ongoing thing. And it's not based on opinion; it's based on data.

Can you talk about a specific example of where you've applied the practice of conversion analytics?

Andy: This one's fun—our [Orbit Media] email subscribe form. It had this long call to action saying if you want more website analytics, or digital marketing, or search optimization, or conversion advice, sign up for this thing. Terrible. And it took you to another page and it was awful.

I changed it so it was a little red box that was sticky—meaning it always stayed on the right side of the page, next to the content. We made it a super-short call to action and it said, "Join the x number of people who get bi-weekly web marketing advice." It told people what they get, how often, and that other people are doing it.

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We went from converting a couple per month to like a dozen a day. When I first measured it, it was a 1900% increase in new subscribers. It's a massive change.

A lot of people who do CRO and who test changes to a website to improve conversion rates, find 20, 30, 50% increases. The numbers are astronomical. For example, I saw a study where someone put faces next to their testimonials, of the person who gave the testimonial. 102% increase in conversions.

Numbers for conversion optimization tests are sometimes extremely high and they're incremental. The next test you make, the next improvement you make builds on the progress. It's like compounding interest.

Google Analytics measures a lot of things automatically, but not conversion. You have to set it up for that, right?

Andy: Google Analytics can do a lot of things "out of the box," but it does not know what success looks like until you tell it. Different websites are set up in different ways and there is no way for Google to know by default what success looks like. Some websites are programed to show a little thank you message when the visitor converts. Others send the visitor to a thank you page when the visitor converts. Some people are using third-party tools.

The simplest way to setup the site and to setup goals are to **have a thank you page for every different type of conversion,** which is smart marketing anyway. The thank you page can offer people more content, it can give them another type of conversion, it can set expectations about when you'll follow-up. Definitely make a thank you page for every one of your conversions goals.

So the simplest way to set it up is to just copy and paste the address of that thank you page into Google Analytics goals as a destination goal. The next step would be to set a goal value. As I said, you could just choose $1. Then the final step would be to tell it what the previous step was (often the contact page) and mark it as a required field. As soon as you do it, you can click to verify it. It will show what percentage of people in the last seven days have finished that process and you'll know it's working. Sit back, give it a week, and then start to measure, start to optimize, start to test and iterate.

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Larry Kim

Founder of WordStream,
Top columnist at Inc.com

Analytics for Pay-Per-Click

If you were speaking to someone who had never tried pay-per-click before, how would you explain the value of analytics?

Larry: It's of paramount importance because, unlike some of the other marketing channels—like social media marketing or blogging or all these other content marketing channels—"paid" is very different. You have to pay for this stuff. So the goal is actually not to drive mad hits. You're trying to be very picky. You're not trying to bid on every keyword—only the ones that make the most sense.

You don't go after every audience, only the ones that are exactly matching your target markets. And the only way to really understand whether or not you're being picky enough is to look at your analytics —looking at things like cost per conversions and that kind of stuff.

What I'm suggesting here is that it's a different game.

The analytics game in PPC is very different from SEO and social media, where you're trying to cast a really wide net. The goal of PPC is actually to be very picky.

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Which metrics do you focus on as a beginner in PPC?

Larry: It's almost always this notion of **cost per conversion.** Basically in pay-per-click advertising all the advertisers fall into one of two categories: people doing e-commerce, or people doing lead generation.

Generally it's like, what's the purpose of your company? If you're selling chocolates or something online, that's e-commerce. If you're a lawyer trying to do immigration cases, that's lead generation, where you're getting people to fill out a form and signup for a consultation or something like that.

If you're doing e-commerce, the number one metric that they track is this notion of **return-on-ad-spend**. It's like I spent a dollar. It generated $16 worth of sales, so what is the lift of dollar amount per dollar spent on advertising?

That's called return on advertising spend or ROAS. Sometimes they get even a little bit more complicated where they take into the consideration the margins of these products.

When you're talking about the lawyer doing the lead generation, trying to get people into the law office, the key metric that they tend to focus on is **cost-per-lead,** and that's basically how much did we have to spend to get one inquiry?

It's interesting: it's not cost-per-click as you might think.

Larry: In pay-per-click, there are what are called **inputs and outputs.** These are bottom of the funnel metrics: cost-per-lead or return-on-ad-spend. Those are the outputs.

But a pay-per-click marketer is going to be thinking about all sorts of other metrics in order to achieve a decent return on ad spend or a decent cost-per-lead. And so there are these input metrics that play a big role into the return-on-investment calculation.

Some of the most important metrics for pay-per-click advertising that come to mind are things like **click-through rates.** That's a measure of user engagement. Are people actually engaging with the ads that we're showing on Facebook or on Twitter or on AdWords or Gmail? What are the click-through rates? Are they high or low?

They're very important because the way these advertising systems work is they favor high engagement advertisements. So if you have a very low click-through rate in a Google search ad, Google won't even bother showing it. It's a pay-per-click system. Why would they bother showing an ad no one is clicking on? So it's almost like you didn't even create a campaign, because you created a campaign that never shows. So click-through rate is really important because it tells you whether or not the keywords you're using are resonating or not.

If you're acting on analytics as a responsible pay-per-click advertiser, how would you respond to your analytics?

Larry: It's changing. These advertising platforms are becoming increasingly automated. Historically, you would have a target return on ad spend or target cost per lead in mind. If you weren't making that you would have to do a million and one things, like add or delete keywords, or write better ads, or adjust your bid strategies, and all that stuff.

With the advent of machine learning, a lot about optimization is being pushed down into the ad platforms like Facebook and AdWords, and so they will increasingly figure it out. It's not necessary to keep adjusting your bids every five minutes. The platform will figure it out for you. But that's not to say that you can just pick up your feet and do nothing.

The things that I suggest people work on are things they're targeting. Perhaps you're not being picky enough with the keywords you're targeting. Like if you're just using the word "lawyer," it might be too broad and instead you might need to narrow the targeting to just "immigration lawyer," or specific words that are a little bit more relevant to your business.

Another area has to do with making your ads a little bit more exciting—making them more likely to be clicked on, which plays a big role on whether or not your ads even show and how much they cost. The higher the click-through rate, the lower the cost-per-click. So I would be looking at the ad copy and trying to make it a little bit more enticing, a little bit more "click-baity."

What about the age-old quality score? Would that metric indicate you need to do a better job with your landing page?

Larry: I'm glad you brought up quality score. All of the modern advertising platforms, with the exception of LinkedIn, are machine learning based systems that employ some form of quality score. They just call it different things. Facebook calls it relevancy score. Google calls it **quality score.** But that is a tremendously important metric and people do not realize how important this metric is because it controls whether or not your ads show in the first place, which is a big deal. It determines how prominently they get shown, like are we talking top of the page or bottom of the Google display network page? It also determines things like the cost-per-click, so it's inversely proportional to the quality score.

Let's make it clear: what is a quality score or what's the measure?

Larry: It's just a measure of engagement. So in social ads it means the people who are seeing this ad, this promoted post, are they clicking on it; are they liking it; are they commenting on it; are they sharing it; or are they ignoring it? If they're ignoring it or if they're reporting it as spam, that's negative engagement.

Doesn't it also relate to what happens after they went from the ad to the website?

Larry: That's a small component of it. It's like in college your score was based on 80% final and 20% mid-term assignments. Landing page is a small component of it, but by and large it's mostly based on click-through rate. It's showing you whether people are clicking on this thing or not.

Can you talk about an actual example where analytics affected the PPC strategy?

Larry: I was just on a call with a customer today and basically we needed to cut the budget by four times. So we had to cut from $2-million ad spend per year to $500,000. But we wanted to do it in such a way that it didn't destroy the value that was being created by this advertising. We needed to minimize the loss of the advertising. So to come up with a solution we needed to look at the analytics.

What we found was 66 percent of **conversions and sales** were being driven off of people who were repeat visitors to the site. And that represented a very small amount of the spend—about 20 percent. So a small amount of the spend was going towards repeat visitors, which was generating a disproportionately huge, 60 to 70 percent, of the value of these PPC campaigns.

We learned this through the analytics. So it was decided that the best way to cut our ad spend from $2-million to $500,000 per year, to get more than two-third of the benefit by reducing the spend by four times, was to only target the search ads to the users that had brand affinity, like people who had visited the site recently.

That was a really smart use of analytics. We just did the analysis and we were like, "Holy smokes, we just eliminated 80 percent of the spend and only lost 23 percent of the conversions and sales!"

Isn't that a function of pay-per-click at large? You have to waste a little upfront to get better?

Larry: It's actually a function of all marketing, but pay-per-click is especially great at that because it gives you so much feedback.

Steve Rayson

Director at BuzzSumo

Analytics for Social Media

If you were speaking to someone who had never before used analytics for social media, how would you explain its value?

Steve: I would explain it in a couple of ways. The first is you use the analytics just to **prove the value of what you're doing** or to prove the impact of what you're doing. Lots of us are answering "up-the-line" to somebody, so we need to know that we're actually making a difference, and it's just good to get proof. So the first one, it is about proving the value.

The second one is gaining insight so that you can **improve what you do.**

We can all learn and by looking at the analytics data we can start to understand to a degree what's happening and come up with strategies for improving what we do.

For me, that's the most important one, as I'm always looking to improve every day. Let's get more shares. Let's get more conversions.

Insights in the world of analytics traces to numbers, or what we call metrics. Which ones do you focus on for social media?

Steve: You need a range. No single indicator is enough. So it depends on what we're looking at. If we are looking at content marketing, we look at a number of metrics. First, is the content resonating with an audience? We would look at **the numbers of shares.**

We look at the number on the main networks. Traditionally, Twitter has been strong for marketing, but we find increasingly, even in business-to-business, Facebook is growing all the time. So we get as many shares on Facebook as we get on Twitter. LinkedIn is also very strong for us. We tend to look across those three particularly.

But what's important is to **set a benchmark** because on its own a number doesn't mean anything. If I've got 300 shares, 400 shares, what does that mean at what level? To set benchmarks, I tend to look at metrics in terms of what's happening in the industry. I look at **averages for the industry.** Then I look at some of our competitors. What are our competitors achieving?

But you have to look at a range of indicators, so social shares can help you get some feedback. If there's something resonating you

should be able to see that in **visitor traffic.** But it's quite interesting when you then look at things like **links** as well. Some content gets shares; some gets links. You need to analyze both. You can't just look at one without the other.

After shares and links, we would look at **traffic**—and we would look at things like **dwell time**—how much time people spend on our site. So we would use Google Analytics data for that, and then right through to conversion.

So it's not really social media analytics at that point, unless you say you're tracing those on-site analytics to social media referral sources.

Steve: That's right. These social media analytics, I suppose, are to look at how well are we **amplifying our content?** Who is sharing that content? What source of influencers and others might be sharing that content? So the shares are an indication of how good we are at getting that content out there and amplifying it.

But ultimately, yes, it comes back into traffic, and then, the conversions or revenues from those sources. So we tend to use social media analytics at the early stages of the funnel, but it's really a very important stage because that's what we have to get our content out there and get known.

How should a social media marketer improve what they do by acting on the analytics?

Steve: They would need to start with the data and come up with assumptions and hypotheses based on it. We look at how our content is doing… Where is it doing well? Which networks? Is it getting links or shares? **Then we test.** I'm a great believer in testing, which you can do at a relatively low-cost.

We might test the style of blog post, maybe a more research-based blog post, and see how well it does in terms of the *relative* links and shares. We've seen huge variations between content that seems similar, but something with a more research bent tends to get a lot more links. If we put things like "new research" in the title, interestingly, it seems to get a lot more links.

We look at the data and what it suggests. We look at other sites. We look at our sites. The data suggests these sorts of posts and these sorts of headlines are working, but ultimately then we have to test it. If it doesn't work then you try something else. It's a constant exercise of testing, because what works one week doesn't necessarily work in six months' time.

I'm a great believer in taking your data, forming some hypotheses from it, and then testing it—and testing it quite quickly.

What about identifying channels? For instance, are we wasting time over here on Pinterest (or any channel) and should we spend our time here?

Steve: I think you have to look at it. And it's interesting… I pulled content for the top 1,000 B2B blogs recently and had a look at what was getting shared, and basically Pinterest and Google+ were virtually zero. That might vary a lot for individuals, some individuals have a following there, but overall those networks were so low they were irrelevant across those blogs. **But you have to look at your particular shares.**

When we start looking at our content at Buzzsumo, ours is broadly split, 30% Facebook, 30% LinkedIn, 30% Twitter. You have to know where your audience hangs out. You're right: you have to be monitoring what's happening on the different networks for your content.

Has analytics changed much in recent years for social media?

Steve: I think analytics as a whole is changing and for social media it's changing—for good and bad.

First, there's tons more data available, generally in the world there's tons of data, and there are just some fantastic tools out there now for analyzing data. So there's a lot more data analysis taking place.

On the down side, in social media things change a lot. Twitter used to have an API (for share numbers). Facebook recently changed the way they provide share data, so they will now provide you with total interaction data, not necessarily individual shares, for example.

So as the networks are changing what they do, what they provide, it's a changing the data you can get. And it can change very quickly, which is a concern for all of us. We have to react and look at other data.

Analytics for Email Marketing

Chad White

Research director at Litmus
Author of *Email Marketing Rules*

How would you explain the value of analytics to someone just getting into email marketing?

Chad: You don't want to think about email marketing as a monologue. You want to think about it as a dialogue. Analytics are one of the key ways you can listen to what subscribers are saying about what you're sending them. So it's a really critical feedback mechanism.

If you're not looking at analytics then you're not really listening to what your subscribers are saying back to you.

For instance, **opens are an all-time favorite metric** to look at, and people ascribe all kinds of great value to opens that generally is not really there. Opens are an email-centric, campaign level metric, that tell you something about a particular campaign. And they don't tell you all that much.

Opens are a very flawed metric because of image blocking. It's still useful, but it's not nearly as useful as people think it is. I very much want people to take away from this that you want to use the right metrics to make the right tweaks to understand the right things that are happening in your program.

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Let's talk about the metrics that a beginner should pay attention to.

Chad: I always counsel people to look at **deep metrics** instead of surface metrics, and to look at **subscriber metrics** instead of campaign level metrics. If you focus too small and too short-term, you lose out on the big picture and long-term success.

So, again, things like opens are great for telling you something about what's going on in a campaign that you might send. **Clicks** are way better. **Conversions** are even better. They get you much deeper into that relationship.

I just wrote a piece about how subject line success shouldn't be measured by opens and I've had a pretty visceral reaction from some of the readers who were kind of in disbelief. It has been sort of drilled into them that opens are a useful metric for measuring subject lines. And it's just not because your goal for the subject line is not to generate opens, it's to generate *openers*. And you want those openers to be people who are likely to click and convert. So you really want your subject line to prime people, to prequalify them to be a good target for the email content and ultimately the landing page.

Email Metrics Matrix

	Email-centric	Business-centric
Customer-Level	**Subscriber Optimization** • subscriber lifetime value • subscriber RFM (recency, frequency, monetary) • length of email inactivity	**Business Success** • customer lifetime value • customer RFM (recency, frequency, monetary) • length of customer inactivity
Channel-Level	**Email Channel Health** • hard and soft bounce rates • spam complain rate • delivered rate • inbox placement rate • inactivity rate • open & click reach • engagement reach • acquisition source metrics • metrics per ISP • list size & growth rate • list churn & list churn rate	**Email Channel Success** • email marketing revenue • revenue per email • revenue per subscriber • sales conversions & conversion rate • email marketing profit • email return on investment • incremental lift across all channels from email • lead generation
Campaign-Level	**Email Campaign Optimization** • unique & total opens • open rate • unique & total clicks • click rate • click-to-open rate • mobile/desktop opens & clicks • mobile/desktop opens & click rates • engagement rate (opens or clicks) • spam complaint rate • unsubscribes & unsubscribe rate • shares & share rate	**Email Campaign Success** • email campaign revenue • email conversions & conversion rate • post-click metrics (browsing, carting, etc.)

Litmus breaks email metrics into six groups—divided by whether or not they're email specific or business centric, and whether or not they're campaign level, channel level, or subscriber level.

Don't think about emails as happening in all of these disassociated pieces. Think about it as an entire journey. Ultimately what all businesses want are not opens, and many times not even clicks; what they want are conversions. They want post-click landing page activity. That's what you should be focusing on: the entire experience.

So focus deep. Don't get distracted by surface metrics.

Then, similarly, don't get too distracted by campaign level metrics. We all have those marquee campaigns that are super important…

For example, during the holiday season there are a lot of high impact campaigns that are super important. But some random campaign that you send in July or August or what have you, that again is part of this continuum, part of this ongoing relationship that you're having with subscribers. So it's important to measure those campaign level responses, but don't overemphasize it.

Think about it in terms of the subscriber relationship. How is one email building on the next in terms of a relationship? Focus on the long-term. For instance, we like to think a lot about opens and clicks. I would encourage everyone to look at **open reach and click reach.** These metrics are essentially looking at the percentage of your subscribers that have opened at least one email over a period of time.

And click reach is sort of the same thing, the percentage of your subscribers that have clicked at least one email over the last month. That will give you a much greater insight into how you're serving subscribers.

Are subscribers finding your content valuable on a routine basis? It's like adding a time element where you can really start to see some long-term success. When you start focusing on things that are just campaign level, just opens and clicks and maybe the conversions just for that one email, you lose out on the real goal with marketing, which is to create loyalty. So you need to look at metrics over time. You can get a really good idea of how you're doing on a much grander scale.

There are really a lot of metrics that you can look at within email marketing and some of them are great for optimization. Others are great for success or conversions: revenue per email, revenue per subscriber, things of that nature.

There's also a bunch health metrics, like bounce rates, spam complaints, unsubscribes. So it really depends on what metric you're looking at and what kind of action you're going to take.

What would a beginning email marketer want to understand about taking action based on what they've learned in their analytics?

Chad: I'll give you some examples. If you find that your spam complaints or your unsubscribe rates are higher than you would like, there are few things that might indicate. But the very first thing I would advise people to do is to dig deeper into those metrics. My favorite trick there is to look at your spam complaint rates and your unsubscribe rates by **email acquisition channel**. So if you can track back whether or not people are subscribing through your homepage, through a sweepstakes, through some kind of co-marketing campaign, through your mobile app, whatever it might be—try to track your subscribers by their signup source. That usually can be incredibly revealing when it comes to things like spam complaints and unsubscribes.

What you will typically find is that those metrics tend to be driven by one bad apple. In your acquisition strategy there's going to be one facet of your strategy that's causing you the most pain. And that's where your permission practices might be pretty weak. Maybe your expectation setting is weak in terms of what people are going to get or how they're going to get it. So usually those all track back to a single thing. So instead of indicating some kind of global issue with permissions or what have you, it allows you to laser focus in on one particular acquisition avenue that you're having trouble with.
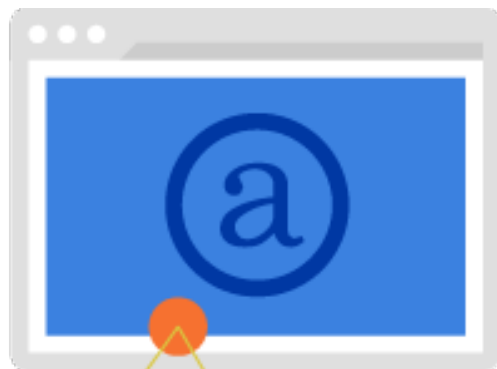
I've already mentioned **click-reach**, the percentage of subscribers clicking over a period of time, like a month or a quarter. And if you're seeing your click-reach go down, that might be a sign that you need to do more segmented campaigns; you need to add more personalization to your broadcast campaigns. You might need to either update some of your triggered email campaigns to make those effective, or maybe you need to add some additional triggered email campaigns.

All three of those mechanisms tend to generate much better responses: personalization, segmentation, and triggered emails. So it could be that you're treating everybody with too much "one-size-fits-all." You're giving them too much generic content and you need to do some better targeting. So those are a few ways that you can drill into a particular metric and use that to inform action.

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