

Best Web Metrics / KPIs for a Small, Medium or Large Sized Business

kaushik.net/avinash/best-web-metrics-kpis-small-medium-large-business/

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We have access to more data than God wants anyone to have. Thus it is not surprising that we feel overwhelmed, and rather than being data driven we just get paralyzed. Life does not have to be that scary. In fact a data driven life is sexiest digital life you can imagine.

In this blog post we are going to bring the sexyback. I am going to attempt to significantly simplify your life by recommending the critical few metrics you should use to analyze performance of your digital marketing campaigns and website. You'll be able to quickly go from "omg what can I do!" to "omg what am I going to do with all the money and fame I'm earning!"

The approach I'm going to use is to 1. Use my Acquisition, Behavior and Outcomes framework to ensure an end-to-end view of important activity and 2. Recommend metrics / KPIs you can use based on the size of your company.

Each recommendation comes with hints on what analysis to perform once you have the data, and what changes you could make to your campaigns, content and overall digital strategy. [A summary in pictorial format is at the end of this post.]

Excited? Let's do this!

Best Metrics / KPIs for Small Business Websites

Small business websites are a very fragile ecosystem. People working hard to do the best they can on the smallest possible budgets. But not to worry. They have to start with just four simple metrics to start rocking!

Acquisition:

Clicks? Visits? Backlinks? Impressions? No. We have something magnificent.

Cost Per Acquisition.

Obsess about this metric. You have very little money. You need to know, obsessively, what you get for it. This metric delivers that insight. Oh, and everything has a CPA (not just your paid search or display/banner ads). If you are doing SEO then you are likely paying for someone. That's the cost.

Campaign	Email	Social Media
Impressions	1,000	2,000
Clicks	50	200
CTR	5%	10%
Avg CPC	\$1	\$1
Cost	\$50	\$200
Conversions	10	10
Cost per Acquisition	\$5	\$20

Kill things that don't have an optimum CPA. Invest more in ones that do. Simple enough, right?

Tip: Remember this is just cost, not profit. Remember to take the next step to profit, here's how to do it in Analytics: [Excellent Analytics Tip #27: Chase Smart Calculated Metrics!](#)

Where is it? Most likely in Excel. For Search it is in your Google Analytics or Omniture Site Catalyst reports. But for most other programs (Affiliate, Email, Social, Display) your Cost is likely sitting outside your web analytics tool. So extract the # of conversions, import into Excel, add a column for Cost, do the math, sing or weep (based on what the data says!)).

If you are paying someone to do web analytics and this metric is not on top of the dashboard they've created for you, it might be time to say sayonara to them.

Behavior:

Page Views? Time on Site? No. You can do so much better!

Bounce Rate.

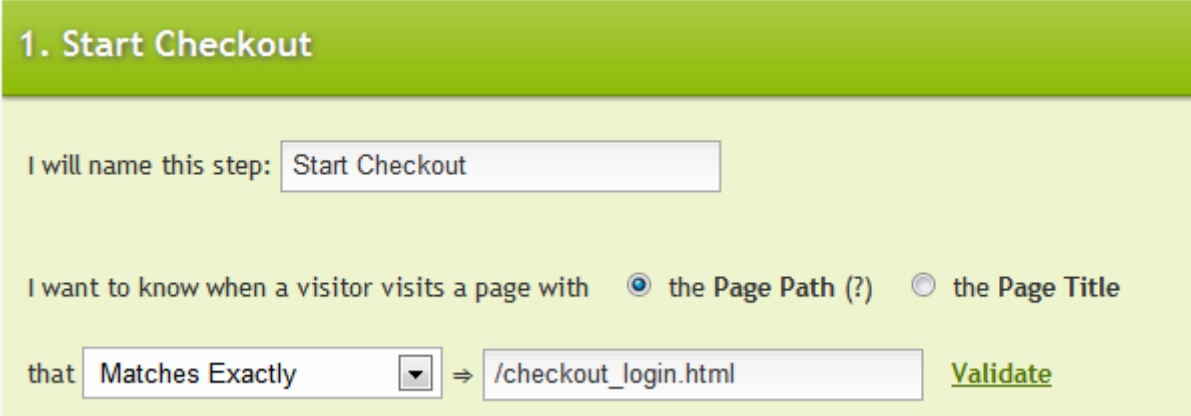
I continue to be a believer in trying to prompt love at first sight. Okay, okay, I'll settle for delivering relevance. :) Bounce Rate helps you identify campaigns where you might be targeting wrong people (who then come to your site and leave right away) or sending relevant traffic to irrelevant (and often flash-filled hideous) landing pages.

Bounce rate helps you find campaigns and landing pages that need to be killed / improved. Everyday.

Where is it? Standard metric in every web analytics tool worth anything. Look at your All Traffic Sources report and your Landing Pages report.

Checkout Abandonment Rate.

I find the fastest way to make money is to take it from the people who have already decided to give it to you. Obsess about checkout abandonment rate (the percentage of people who click Start Checkout to those who complete that process).



The screenshot shows a form titled "1. Start Checkout" with a green header. The form has a light green background. It contains the following elements:

- A text input field labeled "I will name this step:" with the value "Start Checkout".
- Two radio buttons for "I want to know when a visitor visits a page with": "the Page Path (?)" is selected, and "the Page Title" is unselected.
- A dropdown menu labeled "that" with the selected option "Matches Exactly".
- A text input field for the URL, containing "/checkout_login.html".
- A green "Validate" button.

Focus on checkout steps with the highest abandonment. Tweak like crazy. A/B & Multivariate tests are a good option. But you are a small business... so just take away as many fields as you can, play with where to show shipping cost (I vote for way up front), reduce the number of checkout steps if you can, ask for account creation at the end of the process rather than at the start. Try, test, measure, be rich.

Where is it? In Excel. Or if you use Google Analytics: In Paditrack for free. (Google Analytics' native funnels are pretty sub optimal, ignore that entire feature.) For other tools: In KissMetrics. Create a funnel just for the checkout process (from clicking Start Checkout to Thanks for your Order) and both these tools will give you the metric automatically. They also allow you to segment the data! Make love to it.

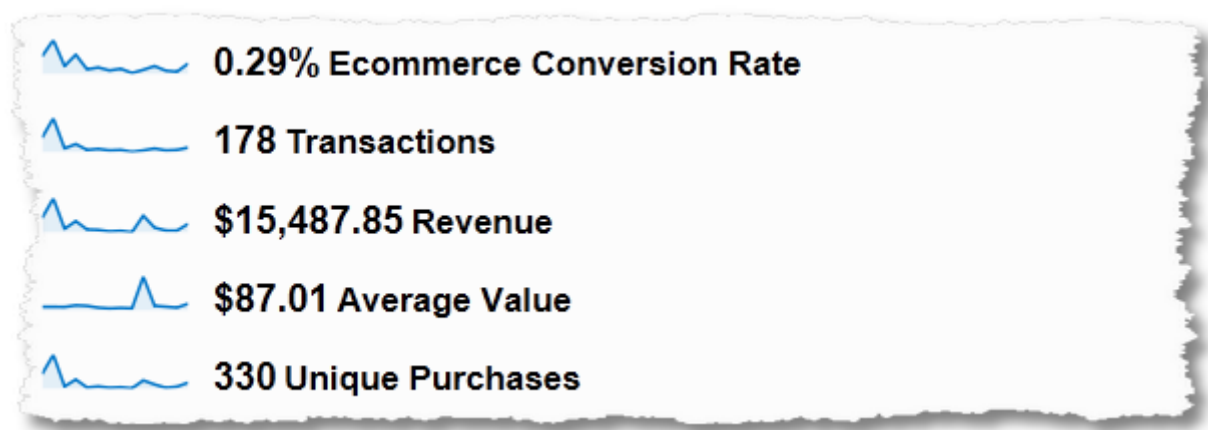
[Bonus: What is abandonment rate?]

Outcomes:

My favorite Economic Value? No. As a small business I recommend...

Macro Conversion Rate.

You are a small business. Obsess about conversion rates, and everything connected to improving them. What products are people buying? Every single day (okay week) look at the All Traffic Sources report and seek out the Conversion Rate metric. Ruthlessly punish sources that are not working well and reward the pretty babies. Be they Earned, Owned and Paid media – oh and have a marketing strategy that has each of those elements or as a small business owner you are not going to win a lot.



I love creating an advanced segment with just the people who buy twice the average order size. I call them the Whales. Look at sources, locations, product bundles purchased, keywords and campaigns and all that to learn where/how you can find more Whales.

Where is it? Standard metric in all analytics tools. Remember to look at both the rate and the raw number of conversions for context. People make silly decisions when they don't do that.

That's it!

You are a small sized business and these four simple key performance indicators will literally rock your world as soon as you start measuring them. Cost Per Acquisition. Bounce Rate. Checkout Abandonment Rate. Macro Conversion Rate. Don't look at any other metric until you feel you've mastered them.

Tip: If you've hired the right analytics talent/consultant to help you, they'll be measuring these fabulous four.

Best Metrics / KPIs for Medium Sized Business Websites

What if you are a medium sized business? What key performance indicators are optimal for you?

First, you are going to measure the KPIs mentioned above. But because you are running a bigger and more complex business you'll also measure...

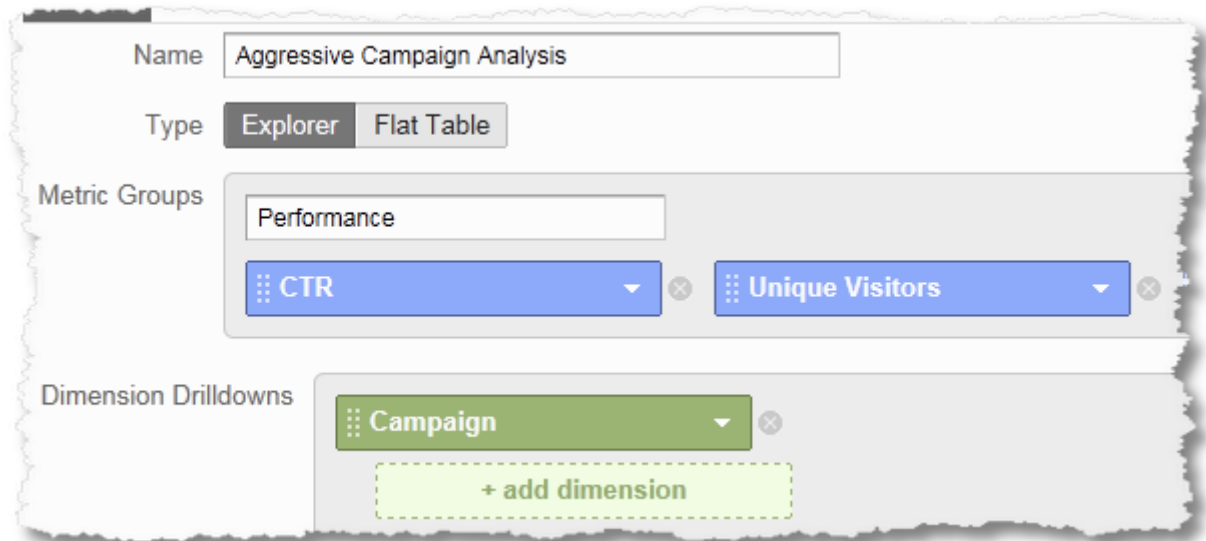
Acquisition:

CPA

+ Click-through Rate

While CPA is a macro metric about your campaigns' bottom-line performance, Click-thru Rate (CTR) is a deeper dive into analyzing the creativity and relevance of your affiliate deals / search listing / blinky banner ads.

In the context of Search (Paid or Organic), the text in your ads, the number at which your listing is ranked, the match between the user query and your ad's intent all help you receive a higher CTR. And if someone comes to your site (and does not bounce!) then you get an opportunity to convince them of your product or service's glory.



Small tweaks to the subject line of your email campaigns can have dramatic improvement in CTR. Recency and Frequency capping of your display remarketing campaigns can have a huge impact. Changing demographic targeting options in your Facebook ads can work wonders. Etc., etc., etc.

Put another way... CTR helps you understand if you showed up at the right place for your first date. Are you dressed okay. And if you are smiling the right smile. Helpful to know, right?

Where is it?

Everywhere. Start at a campaign level. Drill down to individual creatives. Kill badness. Promote goodness. Rinse. Repeat.

Behavior:

Bounce Rate

Checkout Abandonment Rate

+ Page Depth

A very tiny percentage of visitors to your site will see more than a couple pages. That's the internet for you. As you improve the user experience, information architecture and relevancy of content on your site, it is important to keep an eye not on the rather useless metric of Average Page Views per Visit or Average Time on Site but rather on the distribution of page depth. Here's how that picture might look like (from a post I wrote in July 2006!)

	Month X	Month X+1	Month X+2
Less Than One Page	41.0%	42.8%	43.4%
Three Pages or Less	21.9%	21.9%	21.6%
More than Three Pages & Did Not Meet Goal	28.1%	28.4%	27.3%
Placed An Order	9.0%	6.8%	7.6%

From the deep detail reported by your web analytics tool you can choose to aggregate into buckets you most care about (like mine above). Categorizing the visits into Abandoners, Flirts, Browsers, One-off-Wonders, Loyalists will dramatically change your view of content consumption. Over time, as you move to deeper consumption, you'll see direct business rewards.

The above image emphasizes a sale/conversion at the end, but even if you are a content-only website improving Page depth helps you because more pages equal (at the very minimum) more ad impressions!

Where is it? The final table will be in Excel. If you use Google Analytics the data you need is here: Audience > Behavior > Engagement > Page Depth tab. If you use WebTrends, Yahoo! Analytics, Coremetrics please click around to find the data. They all have it.

+ Loyalty (Count of Visits)

If Page Depth helps you optimize for a single session experience, Loyalty helps you optimize pan session behavior. Put another way... how good are you at getting the same person to visit your website multiple times? For ecommerce or non-ecommerce websites, loyalty can mean the difference between life of survival and raking in profits like crazy.

First set a goal for the % of site Visits you would like for people who've visited more than x times. [Set a goal for x too. :)] For ecommerce websites use your Days to Conversion report (more on this metric below) to set your goal. For content sites perhaps mirror your content update schedule. If you are the New York Times and you update the website 24 times a day then should the average person be visiting the site at least 90 times per month?

Your BFF, as always, is analysis and not just reporting the metric. Create this simple segment in five seconds...

Include ▾ Count of Visits ▾ Greater than ▾ 4

Apply to your keywords and campaigns and referring sources reports and identify which sources drive loyal traffic. Apply it to your content reports and figure out which content drives Loyalty (Sports? Op Ed? International? Cat Stories?).

Where is it? In every web analytics tool on the planet. If you use Google Analytics the data you need is here: Audience > Behavior > Frequency & Recency.

Outcomes:

Macro Conversion Rate.

+ Micro Conversion Rate

Pick your favorite benchmark and you'll notice that less than 2% of visitors convert. Focusing on just the Macro Conversion Rate means you don't care if you received any business value from the 98% that did not convert. I refuse to accept that uber-lameness.

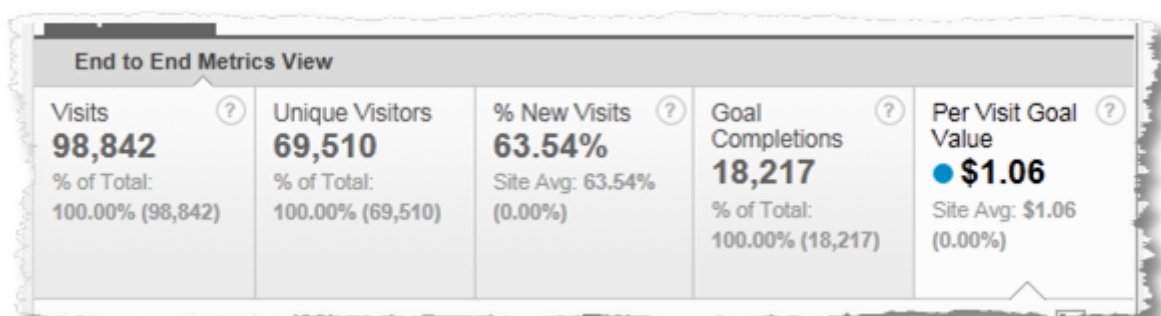
Identify your Micro Conversions (/Goals) and obsess about the long and short term business value they deliver. You'll quickly realize the Economic Value they create for you is often far greater than the Revenue your Macro Conversion reports! And optimizing for that will ensure you win HUGE.



Where is it? In Google Analytics it is here: Conversions > Goals. Even if you are a content site the data is there. Details in the Goal URLs report. Setting up goals takes two minutes, setting goal values might take you a week (see [measurement strategies here](#)). If you use other tools, please check with your vendor.

+ Per Visit Goal Value

This Key Performance Indicator 1. helps you move beyond the obsession of focusing on the 2% (because it forces you to focus on Every Visit!) and 2. encourages you to create a business that uses the web to deliver multiple outcomes to your visitors.



Every visitor will not convert, but every visitor will, hopefully, deliver some Economic Value. Looking at this metric helps you identify Goals that contribute higher value, and and understanding of simple things like where you should focus on. If Twitter delivers 87 cents of Per Visit Goal Value and Google delivers 97 cents then perhaps I want to keep focusing on my SEO strategies rather than following the advice of the Social Media Guru who's just informed me Search is dead.

Where is it? In pretty much every single report in every single web analytics tool. Click on the Goals tab.

That's it!

For a medium sized business we ended up with nine metrics. Seems about right if you are making more than five million dollars of economic value. The key difference from websites that are in the small business category is that we are going to shoot for multiple conversions, deeper site engagement and better analysis of acquisition efficiency.

Time now to deal with the big boys and girls... large websites!

Best Metrics / KPIs for Large Sized Business Websites

Acquisition:

CPA

Click-through Rate

+ % New Visits

My choice of this metric perhaps betrays my refusal to rest on my laurels. There are clearly a finite number of people in the world relevant for any business. But staying hungry and staying foolish is a popular mantra for me. I use this metric to constantly calibrate my acquisition strategy to understand which inbound marketing efforts are bringing new "impression virgins" to the business.

If you look at your Earned, Owned and Paid media then this metric is especially important for your Paid media efforts. Except for your re-targeting / behavior targeting campaigns, you want your paid search, display, affiliate, and social efforts to bring new visitors to your franchise.

Where is it? It's like air, everywhere! Don't forget to segment for optimal analysis.

Behavior:

Bounce Rate

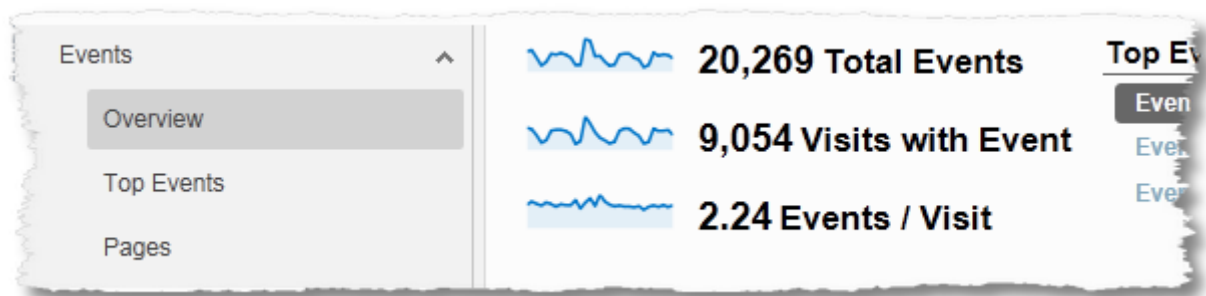
Checkout Abandonment Rate

Page Depth

Loyalty (Count of Visits)

+ Events / Visit

Every awesome large website delivers complex experiences (videos, demos, dynamic slideshows, configurators + + +) via sophisticated technologies (Flash, AJAX, Gadgets + + +). Almost all of the time we leave measuring their effectiveness on faith (or the HiPPO). I love event tracking because it helps us measure these often astonishingly, expensive initiatives.



Of 110,842 visits to the site, 9,054 interacted with your delightful experiences and each of those visits had 2.24 Events per Visit. Is that good? Bad? Could be better? Are these 2.24 interactions delivering higher economic value to your business?

In the above case the answer was a big NO. In your your case you'll decide based on your strategy and goals. At the end of the analysis you'll make significantly smarter decisions about your content (especially because the Analysis Ninja that you are, you'll triangulate performance of this metric with first, Page Depth and, second, Loyalty).

Where is it? Most web analytics tools do some type of event tracking. Please check with your vendor (it might not be called event tracking in their lingo, just describe my first paragraph above). In Google Analytics the data is here: Content > Events.

Outcomes:

Macro Conversion Rate.

Micro Conversion Rate

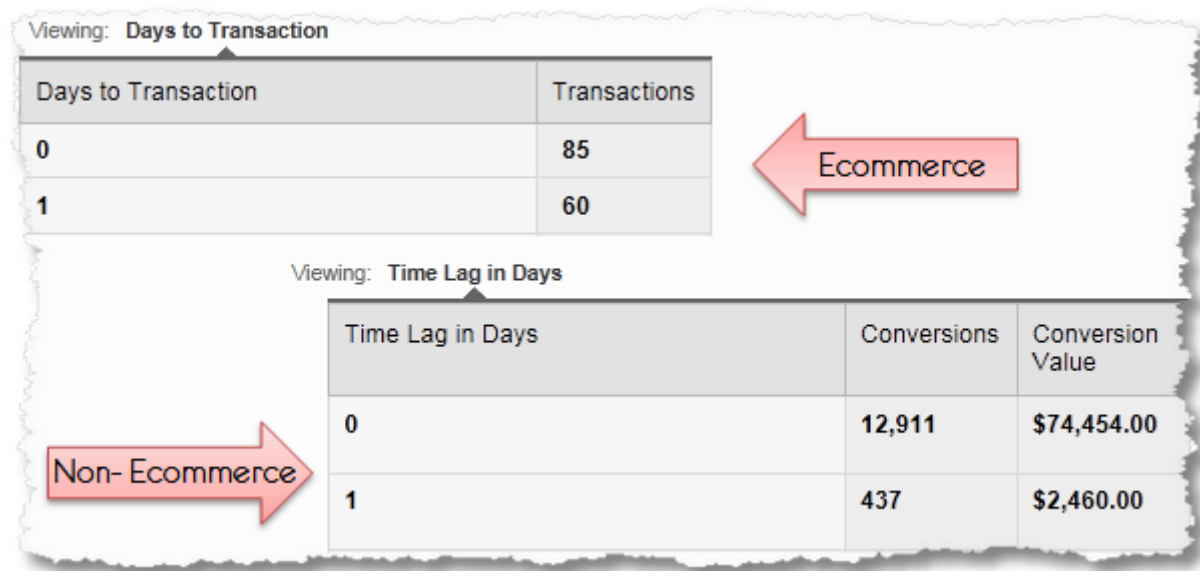
Per Visit Goal Value

+ Days to Conversion [or Time Lag for Content sites]

Another pan session metric I adore.

Life, no matter how hot you are, is not a series of one night stands. Yet because of how they analyze the data most companies end up optimizing their web marketing campaigns for one night stands. Come here and convert NOW! If yes: Oh, I love you. If no: Kill the campaign!

That approach is not just short-sighted; it is an insult to your visitors. Convert them at a pace they are most comfortable with. This metric helps you understand how quickly or slowly your visitors convert. You can, at the very minimum, change your campaign messaging and come hither calls to action and adjust your landing pages. If the Days to Conversion are much longer, then create a robust (slow dance) micro conversion strategy.



If you have a non-e-commerce website then there is something delightful for you in the Google Analytics [Multi-Channel Funnel reports](#). Checkout the [Time Lag report](#) . It is showing you exactly the same data as the Days to Transaction for Ecommerce sites. The metric you see immediately above is called Conversions. It is essentially your Goals (/micro conversions).

Optimize your "hello, nice to meet you, what would you like, here is what I have to offer, why don't you check with your spouse, come back and check it out again, multiple times, I'm still here, you ready to convert / deliver economic value, here's how..." process.

Where is it? Days to Conversion is in the Ecommerce section of your web analytics reports. It is a standard report. (Don't forget to segment your sources. Deep insights await.) Time Lag may or may not be a standard report in your tool. Please check with your vendor. In Google Analytics it is a standard report here: Conversions > Multi-Channel Funnels > Time Lag.

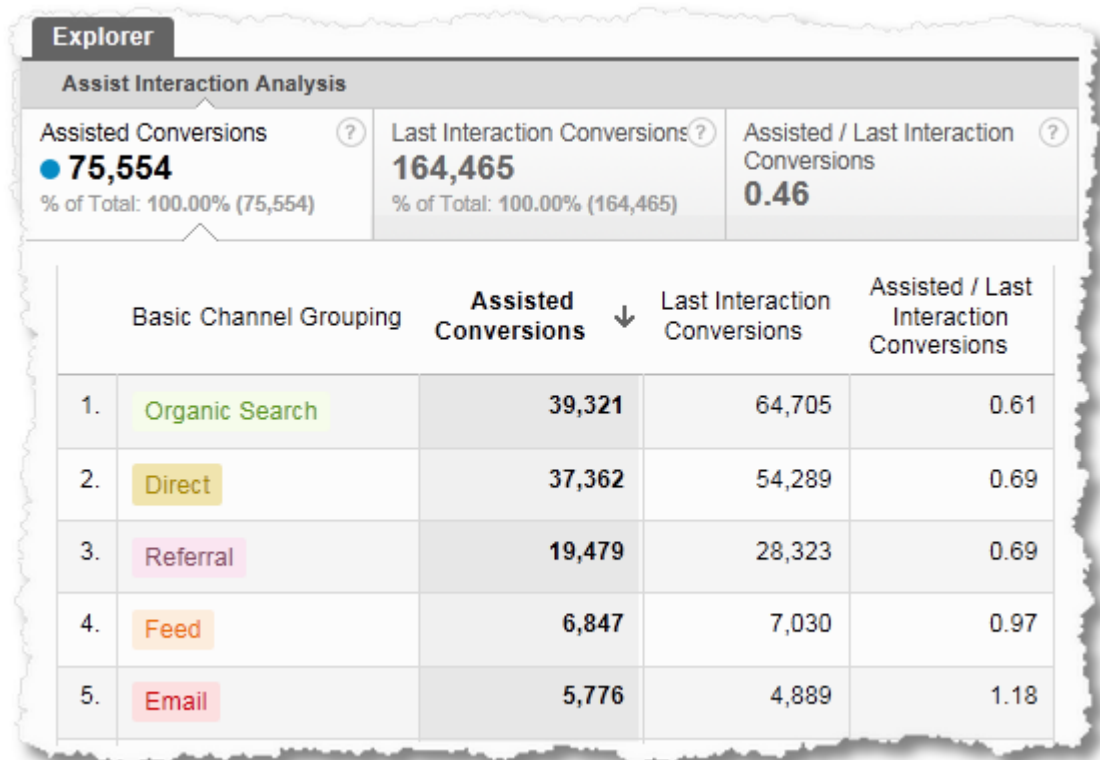
+ % Assisted Conversions

This is the newest metric I've made standard for all my clients / partners / BFFs. And it is a sweetie.

[Assisted Conversions](#) builds on the above mental model. It takes a while for a majority of your visitors to convert (macro and micro conversions), so why does almost all of web analytics focus on single channel analysis and optimizing that single channel in a silo?

Just because the Affiliate click was the last one before conversion should it be optimized for that conversion? Especially if the Visitor originally came via Facebook (or Google or whatever)?

How many of your conversions had more than one ad / media / marketing touch prior to converting? Really smart Analysts at really successful companies understand that...



Explorer				
Assist Interaction Analysis				
Assisted Conversions ?		Last Interaction Conversions ?	Assisted / Last Interaction Conversions ?	
● 75,554		164,465	0.46	
% of Total: 100.00% (75,554)		% of Total: 100.00% (164,465)		
Basic Channel Grouping	Assisted Conversions ↓	Last Interaction Conversions	Assisted / Last Interaction Conversions	
1. Organic Search	39,321	64,705	0.61	
2. Direct	37,362	54,289	0.69	
3. Referral	19,479	28,323	0.69	
4. Feed	6,847	7,030	0.97	
5. Email	5,776	4,889	1.18	

...and then use that data to optimize the portfolio of channels rather than individual channels for the company.

Even if you don't do portfolio optimization (and desperately hope you do) you can easily see how the above data will cause you to execute a different marketing optimization and expectation strategy for Email (1.18 Assist / Last Interaction rate) vs. Organic Search (0.61).

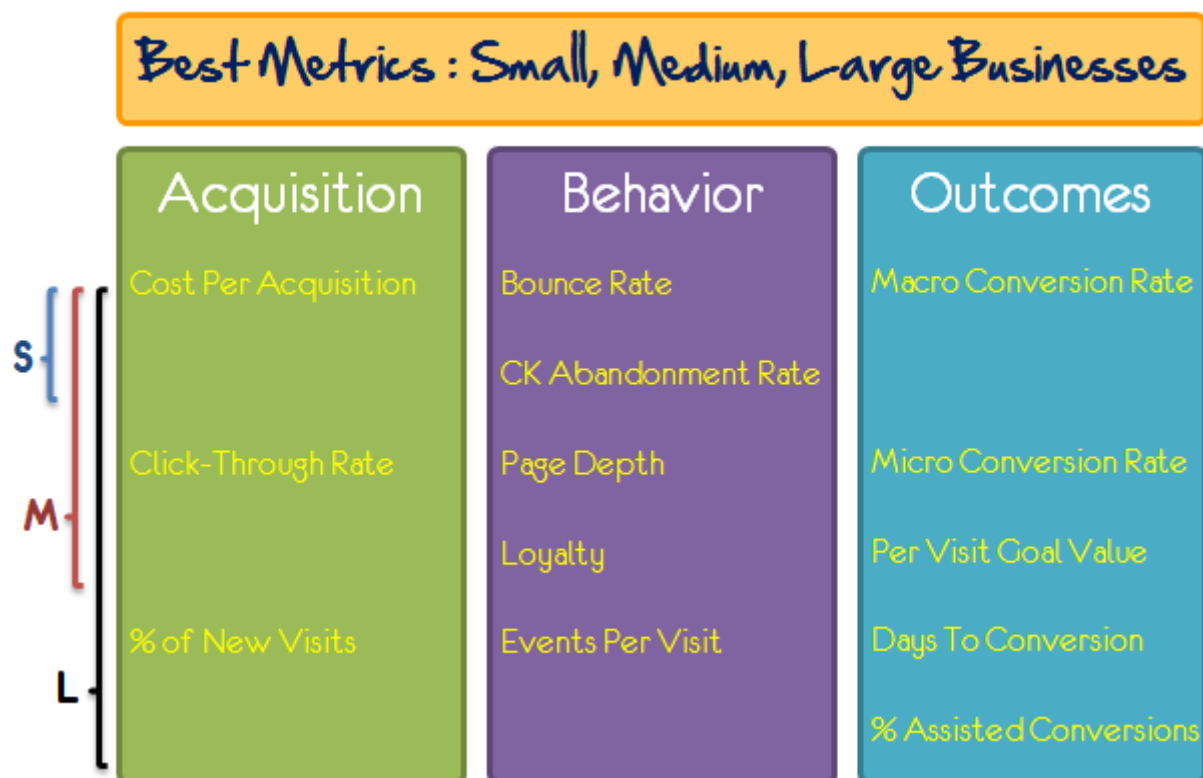
I am being modest when I say that this metric and subsequent analysis will have a fantastic impact on your company.

Where is it? % Assist Conversions may or may not be in your web analytics tool. Please check with your vendor. In Google Analytics you'll find it here: Conversions > Multi-Channel Funnels > Assisted Conversions.

And we are done!

For large businesses we've identified 13 key metrics that would give a robust end-to-end view of business performance. The key difference vs. medium sized businesses is that we are really, really, really focused on pan-session (multiple visits) behavior. Put another way, we really care about people here and not just a single visit.

Here is a summary of the metrics I am recommending in this post...



I hope the picture above will quickly help diagnose where current gaps in your measurement strategy might be.

Additionally if you are a small business you'll know what else to measure when you start to become medium sized and if/when you cross that threshold you'll know the metrics that come with your large business status. :)

You'll notice that I'm not focusing on KPIs like AdSense Ads CTR or Page Load Time or Actions per Social Visit or Search Exits (I love this metric!) or Content Distribution vs. Content Consumption Rate or Conversation Rate (in case of a content site) etc. That's simply because these KPIs tend to be unique to the type of business you are running. My strategy above was to focus on just the KPIs that would be applicable across all types of businesses.

That brings me to a very important point.

While it is my hope that you'll find my recommendations above relevant and yummy... the most optimal way to identify that best key performance indicators for your company will come using the process and structure outlined in the Digital Marketing & Measurement Model.

I'll end with the thought I started this post with... we have more data than God wants anyone to have. But web analytics does not have to be scary or impenetrable. Use the roadmap above, focus on all three elements (acquisition, behavior, outcomes) and I promise you'll soon be on your way to being as happy as God wants everyone to be.

I wish you all the best!

Okay as always it's your turn now.

Does your business use the above recommended metrics / key performance indicators? Do you have an absolute favorite metric that's not mentioned above? Which metric above do you find most useful? Which one most useless? What is your strategy for identifying the most relevant metrics?

Please share your suggestions, critique, and helpful best practices via comments.

Thank you.

PS:

Couple other posts on metrics / KPIs you might find interesting: