RIGHT KPIS FOR TODAY'S DIGITAL ANALYTICS - BEYOND VANITY METRICS

Abstract

Key performance indicators (KPIs) are pivotal in data analytics. They are data-driven metrics providing clear and focussed insights into an organisation's path towards achieving its long-term objectives. Unlike KPIs, vanity metrics are not always actionable. They provide information that is not necessarily connected to strategic objectives, but they do present a picture of the organisation's performance. To succeed in the digital world, organisations must design and build a robust KPI framework with short-term and long-term KPIs as part of its digital marketing strategy.

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KPIs are measurable indicators that track an organisation's ability to meet its performance objectives. Digital marketing encompasses all the marketing activities that can be implemented via the Internet and through electronic devices. They include email marketing, websites, search engine marketing, and social media strategies.

Business impact of KPIs

The fundamental assumption "what gets measured gets done", holds true for KPIs. Being measurable, KPIs can be mapped to distinct business goals. A well-designed KPI framework plays a key role in making an organization agile and hyper-productive, which is key in responding to a rapidly changing technology and business landscape.*

Successful organisations use both leading and lagging indicators to plan ahead.

Leading KPIs indicate possible future performance while lagging KPIs show what has already been achieved. Leading KPIs can be acted upon to make a difference in the future.
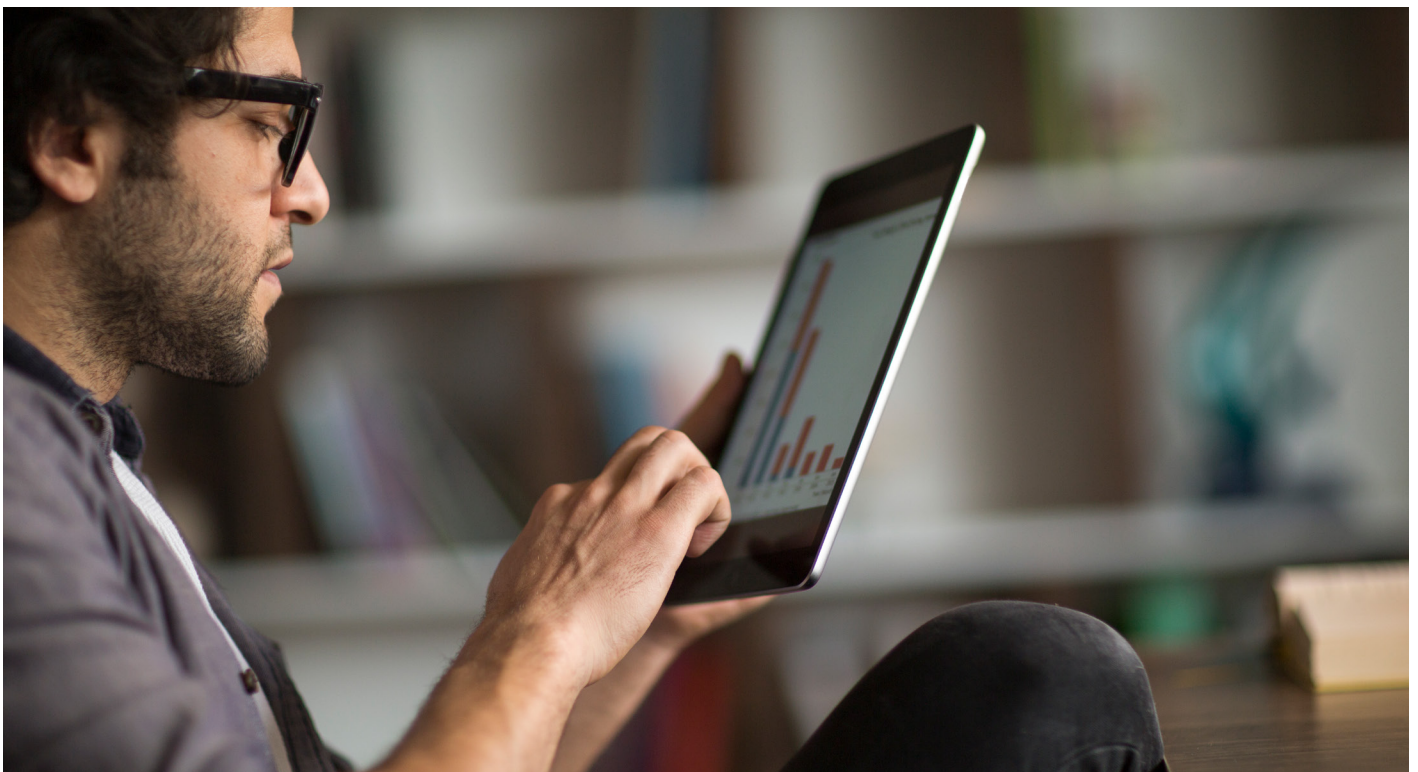
Actionable and vanity metrics

Actionable metrics, as the name suggests, are KPIs that provide an organisation with valuable insights on the performance of a product over a fixed period. Such metrics connect specific and repeatable actions to measured results.

Non-actionable metrics, or vanity metrics, do not offer any significant help to an organisation. Even if vanity metrics reflect positivity, they are not necessarily constructive. Vanity metrics are popular because they look good and are easily understood. Vanity metrics are a good starting point to understand the effects of digital marketing campaigns; however, it would be a mistake to over-analyse them.

It's also important to remember that there is no "one size fits all" when it comes to classifying KPIs as actionable or not. The importance of each would depend on the sector in which an organization operates, among other variables.

The flowchart below explains how to decide whether to track a metric or not.

Actionable metrics in various channels

1 Conversion rates

This metric monitors goal completions. A goal could be anything - a user downloading content, visiting a page on a website, buying a product, or clicking a link in an email. This KPI indicates how effectively traffic has been converted to some form of revenue.

2 Calls to action (CTA)

As the name implies, an important KPI is the number of visitors who acted upon a given CTA. For example, registering for a regular newsletter/information, becoming a member/subscriber, buying a product, getting a product quote, and so on.

3 Click-through-rate (CTR)

Another CTA-related KPI is the CTR or the percentage of people who view a page, an advertisement, a search result, or an email, and then click on a link to visit the organisation's website. Although it does not reflect the monetary value of a marketing campaign, CTR can spell success.

4 Source

Knowing how visitors land on a website, blog or social media page indicates both effective communication channels and those that need improvement. Suggested improvements could include tweaking an advertising campaign, content, or keywords.

5 Return on marketing investment (ROMI)

This KPI measures the revenue generated by a marketing campaign compared to the cost of running the campaign. Given the many marketing avenues available these days, ROMI is a difficult KPI to track. Marketers may have to track and compare data from several sources.

6 Bounce rate

A high bounce rate means a high percentage of visitors leave a website after visiting a single page. It could mean irrelevant content or slow page loading, both of which can be improved.

7 Number of followers

This metric is somewhat grey. Clearly, more followers mean greater visibility among potential customers. This is where the seemingly fluffy features such as likes, shares, and comments become important.

8 Unsubscribe rate

Keeping tabs on this KPI can help marketers optimise CTAs, content, and the target audience. Comparing the numbers of subscribers and unsubscribers gives a clear picture on audience interests. However, a strong subscriber base does not necessarily mean an active interest in the product. Many subscribers could have forgotten about having subscribed. To make it an actionable metric, digital marketers must ensure that interested people subscribe.

9 New subscribers

A CTA may result in new subscribers if that was the intent of the campaign. Monitoring this metric gives marketers a clear idea about email list growth. Further, if a particular day brings a larger number of subscribers, it becomes important to understand what was special about that day.

10 Social profiles

Website traffic that comes through social media channels shouldn't be underestimated. Your social media profiles must provide enough information and pique enough interest to make a visitor go to the organisation's website.

Vanity metrics in various channels

1 Traffic	2 Total time spent on a page/website	3 Pages per visit	4 Organic search	5 Ranking on an SERP	6 Open rate of emails	7 Email forwards

High vanity metrics may indicate good content and good ranking on search engines, but if the visits and actions do not translate to any form of revenue or desirable CTA, it is really not very useful.

Looking ahead

Designed skilfully, a sound KPI framework can guide an organisation towards the right goals. Digital marketers must understand the business well and design KPIs accordingly. Also, too many KPIs can be distracting; a few meaningful ones will serve well.

Finally, it's essential to remember that data generated during the pandemic shows erratic patterns as demand and supply spiked and collapsed several times. On the bright side, this is a good time to work on the organisation's data and analytics capabilities.

* For organizations on the digital transformation journey, agility is key in responding to a rapidly changing technology and business landscape. Now more than ever, it is crucial to deliver and exceed on organizational expectations with a robust digital mindset backed by innovation. Enabling businesses to sense, learn, respond, and evolve like a living organism, will be imperative for business excellence going forward. A comprehensive, yet modular suite of services is doing exactly that. Equipping organizations with intuitive decision-making automatically at scale, actionable insights based on real-time solutions, anytime/anywhere experience, and in-depth data visibility across functions leading to hyper-productivity, Live Enterprise is building connected organizations that are innovating collaboratively for the future.

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