

The Seven Performance Metrics That Matter Most

Contributed by eMarketer
 Tuesday, 26 July 2011
 Last Updated Tuesday, 26 July 2011

Dealing With The Performance Measurement Challenge

In an era of constantly evolving technologies and platforms, companies need a bulletproof game plan for measuring their digital marketing programs.

But standing in their way is a big challenge, according to *Digital Impact: The Two Secrets to Online Marketing Success*, a new book written by eMarketer CEO and co-founder Geoff Ramsey and Vipin Mayar, EVP of McCann Worldgroup.

“Digital marketers today are drowning in metrics, but they don’t know which ones are important or how to connect the dots in a meaningful way that will drive marketing performance,” said Ramsey.

Marketers are desperate for a clear, comprehensive and effective set of metrics and measurement systems for driving marketing performance.

Digital Impact makes a bold proposal: There are only seven metrics that are critical for performance measurement across digital channels. While countless other metrics are available to marketers, these seven are the ones that marketers should seek to master.

Qualified Reach, or Qualified Visits: Qualified Reach is the one critical metric that every marketer should use—specifically because it captures two important dimensions that no other single metric does: both quantity (number of individuals) and quality (the users have performed a desired interaction, which in turn suggests a degree of interest or intention on the part of the consumer).

Depending on the channel, the specific metrics marketers use will vary, but the emphasis is always on actual behavior—a far different approach than typical measurements of raw reach and frequency.

Clickthrough rates: Clickthrough is the most commonly used metric by online advertisers. Although it is still relied on too heavily, and in inappropriate ways, CTR should continue to be used as a diagnostic metric for direct response initiatives—however, it should not be used as a primary metric.

Brand perception lift: This metric is calculated by determining the change in brand perception among defined audiences, with the results compared to those of a control group that was not exposed to the messaging.

Engagement Score (ES): This is a special set of integrated metrics that captures the degree of magnetism of the content or ad. Based on a flexible value point system, the ES works across all digital media, from videos and mobile apps to microsites and social community platforms.

End Action Rate: End Actions represent the action taken by a user; it is often also referred to as a conversion activity. An End Action can be a sale, a lead generated, a download, a video view, a form completion, and so on. It is the end goal of the content or advertisement and is a critical metric for determining the effectiveness of the campaign.

Efficiency metrics such as cost per click, impression, lead, order, engagement and so on: These metrics represent the efficiency of a marketing program. Are goals achieved in a cost-effective manner?

Return on investment (ROI): ROI is a critical financial metric representing the value created by your marketing. Digital Impact suggests ROI methodologies for each of six online channels that are built on the principle of incrementality.

This is a forward-looking concept and especially helpful when determining ROI of new media. All marketing, whether it is offline or online, should be measured to determine an incremental improvement in some critical consumer activity, such as acquisition, retention, loyalty, key perceptions or sales.

“The right metrics and measurement framework will allow you to prove your worth in both the short-term and the long-term,” Ramsey said.

28 June 2011