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Digital Marketing Metrics – A Detailed Review

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1. Introduction

In the current age of digitisation and adoption of digital tools, marketers look out for improved outcomes and measurable results, that can help them target customers more efficiently. Therefore, it is very critical that marketers understand various metrics that are available through the use of digital tools that can provide valuable insights in making better decisions and therefore provide more precise outcomes. With major players like Google, Meta, Oracle and others competing to create platforms that can ease the work of marketers using AI tools, marketers have seen a deluge of tools to choose from and make the choice of implementing the right platform for various use cases. This paper explores the most relevant and popular digital marketing metrics, their application in real-world scenario by taking a live website for data, draw insights out of it and also mention the challenges associated with their use.

2. Literature Review

Marketing metrics have evolved dramatically from traditional approaches that measured impressions, reach, and brand awareness to more precise, data-driven digital metrics. Early models like the AIDA (Attention, Interest, Desire, Action) framework have transitioned into the digital space through frameworks like RACE (Reach, Act, Convert, Engage), focusing on consumer journeys. Introduction of platforms like Google Analytics and other custom analytical tools has provided marketers with multiple insights on views, clicks, engagement, conversions and return on ad spends (ROAS).

3. Types of Digital Marketing Metrics

<u>Traffic Metrics</u>

Traffic metrics are fundamental indicators of how well a website attracts and retains visitors. These include ‘page views’, ‘sessions’, and ‘unique visitors’, which help gauge the volume of interest in a business. Metrics like ‘source/medium’ provide insights into where users are coming from, whether it’s organic search, direct traffic, or paid advertising.

<u>Engagement Metrics</u>

Dwell time, bounce rate, pages per session, etc. helps the marketer look at how users interact with their content. A higher bounce rate or a lower dwell time informs the marketer that the visitor is not finding value on the website and possibly provides a poor engagement, leading to their losing interest on the page content. Likes, shares, comments on social media platforms depict the level of interest and engagement of visitors on the platforms, and working on them can help in creating strong bonds with customers, leading to long-term loyalty.

<u>Conversion Metrics</u>

Platforms allow the marketer to define goals, which are called conversions. If a marketer wants the visitor to submit a lead-form on their website, that goal can be termed as conversion and implemented in the analytics platform. Google ads allow the ad creator to define conversion and then track behaviour on site, and provide feedback to the ads algorithm to improve conversions. Metrics like click-through-rates, cost per acquisition are metrics that evaluate how well a campaign is being run and whether the same needs to be tweaked to improve upon these metrics.

<u>Customer Retention Metrics</u>

Retention is another very important metric that needs a close monitoring. Repeat purchases reduces cost of acquisition and is an indicator of long term loyalty. A high customer churn could indicate poor customer experience or dissatisfaction with product/service and needs close monitoring.

To help one understand the types of metrics and the likely analysis one can make out of these metrics, a sample 30 day data of an analytics report from Google Analytics is given below:

Source website: www.questdigital.org

Sl. No	Metric	Value
1	Page Views	4,500
2	Unique Visitors	1,000
3	Bounce Rate	60%
4	Avg. time on page	1.5 mins
5	Pages per session	2.5
6	CTR on Google Ads	1.8%
7	Conversion rate	0.8%
8	Cost per acquisition	Rs. 2400
9	Churn rate	15%

Traffic Metrics Analysis

Page Views: This metric indicates the number of views of the web page over a 30 day period. It gives an indication of awareness being created among various customer segments.

Unique Visitors: Page views gives an indication of the views of the page but the views could include the same customers as well. Unique Visitors metrics breaks the above metric further into the number of unique visitors coming to the page. This indicates that on an average, each visitor had 4.5 page views.

Engagement Metrics Analysis

Bounce Rate: Even though 1000 unique visitors saw the page on an average of 4.5 times, only 40% of them visited another page (other than the landing page). This seems to be a low number as 60% of the visitors bounced off, suggesting that the content doesn't seem appealing to them or is not relevant enough for the audience. This could also be due to poor web vitals like LCP, INP and CLS scores (slow load/poor response/poor visual stability).

Average Time on Page: The average time on page has to be seen from a perspective of what the page has to offer. If the product needs sufficient evaluation before purchase, one and a half minutes time on the site seems to be very low. This could show poor engagement and more of a skimming behaviour of customers. Possibly, the marketer needs to plan for more engaging content, to provide a visitor sufficient motivation to stay on page and engage with the brand more deeply.

Pages per Session: This metric again needs to be viewed from a perspective of the total pages available on the website. If there are only few relevant pages that needs to be visited before converting a customer, this number could be viewed as fine. However, if the goal is to get visitors to more pages that could lead to a higher conversion, this could be seen as low that needs improvement. Better internal links and visible navigational buttons can improve this metric.

Conversion Metrics Analysis

Click-Through Rate (CTR): Click through rate typically shows the number of viewers who click on an ad that was seen. A '1.8% CTR' shows that the ads are not attractive enough and are performing poorly compared to industry norms. This could suggest the need for better headlines, creatives or even poor targeting.

Conversion Rate: As discussed earlier, conversion rate displays the % of visitors who took the desired action. A '0.8% conversion rate' means that out of the 1,000 unique visitors, about '8 visitors' took the desired action (e.g., making a purchase, subscribing to a newsletter, etc.). This is a metric that is constantly reviewed by marketers and optimised to improve over time.

Cost per Acquisition (CPA): The Rs. 2400 'CPA' reflects the price a marketer is spending to acquire each customer. This cost is dependent on the value of the goods/service being marketed and it should be sufficiently low compared to the traditional means of acquiring a customer, to make the investment in digital marketing worthwhile.

Customer Retention Metrics Analysis

Churn Rate: This metric is used to measure the engagement of customers who have subscribed to emailers. A '15%' rate indicates that 15 out of every 100 subscribers are opting out. This could indicate that customers are not finding the emailers relevant enough or possibly find it spammy and therefore decided to unsubscribe. One has to work on the frequency of mails, the content and whether sufficient segmentation is done within the customer list, to provide customised emailers to each customer segments.

4. Case Studies on Application of Metrics

Numerous companies have successfully leveraged digital marketing metrics to optimize their performance. For instance, Amazon deploys 'conversion rate optimization (CRO)' metrics to improve user experience, and to cross-sell, leading to higher sales. They employ A/B testing to compare different webpage versions and use metrics like CTR and CPA to determine the effectiveness of advertising campaigns.

Another example is Spotify, which uses 'customer engagement metrics' to monitor user behaviour and improve retention through personalized content recommendations. By analysing metrics like session duration and monthly active users (MAUs), they refine their marketing strategies to enhance user satisfaction.

5. Challenges and Limitations

Attribution Models

The reality in today's marketing landscape is that customers are exposed to multiple marketing messages, both digital and traditional. Within digital, a customer would have seen a google ad, visited a website and later seen a TV commercial or would have heard from a friend about the same product, and then converted to a customer. A big challenge for digital marketers is to define how to measure conversion and which medium to be credited for that conversion. Various attribution models have been developed including '1st click', 'last click', a weighted method etc, and each of them have challenges in accuracy, which becomes an issue when the marketer needs to make a new decision to decide on the quantum of spend allocation across those mediums..

Data Privacy and Regulation

Data privacy is an evolving area with lot of regulations being introduced over the years. It imposes restrictions on how data can be harnessed, stored and distributed. These laws limit access to granular data and to information that is personally identifiable (PII). 3rd party cookies are already in the process of becoming history, with Safari/Firefox browsers having phased them out many years back and Google has promised to phase it out of Chrome by early 2025.

Emerging Technologies

AI and machine learning has helped in making multiple decisions automated, leaving fewer decisions to the marketer while implementing the campaigns. However, the quality of optimisations provided by these technologies are still far from being optimum and marketers still need to review most of the AI recommendations and tweak many of them, to make it optimised.

6. Conclusion

Digital marketing has become a quintessential skill to be mastered by any marketer, in today's age of customer journeys moving increasingly to digital. That has provided an opportunity for marketers to have a more clear view of their journey, and make improvements basis the granular data generated and improve the customer experience in the process. To achieve that, a digital marketer should become adept at understanding available tools, analyse data thrown up by multiple platforms and make sense out of it, to generate actionable insights and iterate to improve further. While this is being done, the marketer also needs to be cognizant of the evolving privacy regulations and changing technologies, to ensure that she remains updated and ahead of the learning curve, to remain relevant in this age. She should also be aware of the limitations of attribution and take decisions weighing those factors. Future research should focus on models that can explain attribution more clearly and also on how marketers could continue to understand their customers even better, without infringing on their privacy.

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