



Web KPIs: What are they, and what do they mean for your business?

If one of your New Year's Resolutions is to gain a better understanding of how to effectively measure your company's success online, you need to arm yourself with the right set of Web Key Performance Indicators (KPIs).

A good set of Web KPIs are a reflection of your business goals and are the foundation to every successful website. In fact, it's nigh on impossible to successfully implement a solid web analytics solution without defining which Web KPIs you intend to track. That said, many internet marketers lack clarity about what Web KPIs are, let alone which ones they should be looking at to make informed business decisions.

So what makes a Web KPI? Are there any standards or best practices? And what are organisations doing at the moment?

What is a KPI?

Web KPIs are the metrics that provide visibility into the performance of your website and enable you to take action based on those indicators. Simply put, they are the measurements used to quantify success and demonstrate ROI. And in today's prevailing economic conditions success, defined as encouraging web users to take a desired action within your website – be that buying a tin of beans or taking a test drive in the latest BMW, is something that executives and management personnel are demanding more than ever before.

It's important to note that KPIs are not just raw numbers (such as the number of monthly visitors to your web site) but instead, relationships between numbers (such as the average number of visits attributable to one visitor). For example:

$$\text{Total Visits} / \text{Total Visitors} = \text{Average Number of Visits per Visitor}$$

Typically KPIs are tracked and distributed in dashboards or scorecards to provide everyone in the organisation with an understanding of how their work is affecting the overall performance of the company. For example, if you use your web site primarily for lead generation, you would be interested in the average cost per lead generated:

$$\text{Total Marketing Spend} / \text{Total Leads} = \text{Average Cost Per Lead}$$

If you were a retailer, you'd want to know your average order value:

$$\text{Total Revenue} / \text{Total Number of Orders} = \text{Average Order Value}$$

Which KPIs should I monitor?

Everyone in your organisation should be able to reference Web KPIs as a measure of their success. They will vary from one organisation to another, but here are a series of

questions that you can use to start defining your Web KPIs—each answer should give you clues as to what you should be measuring:

<ul style="list-style-type: none"> • What are the primary goals of the organisation? 	<ul style="list-style-type: none"> • What are the goals of individual sections of our site?
<ul style="list-style-type: none"> • What are the primary business goals of our site? (For example: improve revenue, increase leads, contain costs.) 	<ul style="list-style-type: none"> • What are the valuable actions or behaviours I'm trying to get my site visitors to do? (For example: purchase, register, consume content)
<ul style="list-style-type: none"> • What adjustments can I make to change how many visitors are performing these valuable actions? 	<ul style="list-style-type: none"> • What is the value to my company each time someone performs one of these actions?
<ul style="list-style-type: none"> • How often does each individual visitor perform this action? 	<ul style="list-style-type: none"> • What tactics do we use as a business to encourage visitors to perform these actions?
<ul style="list-style-type: none"> • Do those tactics cost us money? 	<ul style="list-style-type: none"> • Do we need to show a return on the investments we're making in those tactics?
<ul style="list-style-type: none"> • Are people accountable to the goals and the relevant KPIs? 	<ul style="list-style-type: none"> • Identify and define successful visit profiles.
<ul style="list-style-type: none"> • Ask business owners of different sections to give you a site tour and talk you through what they want visitors to do. 	<ul style="list-style-type: none"> • Identify and define successful visit profiles

When defining KPIs, don't forget to consider offline conversions or behaviours that are influenced by site visits.

How to define success

This isn't easy, though vitally important. Getting people to turn their generalities into specifics that are fairly finite and objective is challenging, but will be valuable in the long term. Developing KPIs in the non web world requires time and thoughtful deliberation – an approach that should be definitely be used by those developing web KPIs.

First and foremost is to organise a “define a success” session with key personnel. This is probably the first time that the people in the room have actually had to work through, in their own minds, what they are looking for and how they’ll know it when they see it, so it can be tricky.

The point of the session is to turn these objectives into actions. When people around the table are saying things such as “we need to do more of this because it’s clearly related to x objective” or “should we really be doing this given its relationship to the objectives are marginal; making the site look cool isn’t enough,” then you are on the right lines.

Web KPI Dashboard Best Practice

KPIs are the handful of metrics that reflect the performance of your business — or more accurately, the drivers that influence the business. These are the key metrics that everyone in your organisation should be able to use to measure their success. When creating your dashboard, keep the following points in mind:

- All marketing, merchandising, or optimisation activity should have an impact at the top-line KPI level. If it doesn’t, you’re spending money in the wrong places. KPIs should remain consistent and be measured over time.
- Once you have established the correct KPIs for your business they should not change unless the fundamentals of your business change.
- When creating your KPI dashboard, remember that different stakeholders will be interested in different content. For example, the CEO may prefer to view information organised into pie charts and graphs, while the Web Marketing Manager may need the additional context contained in a detailed spreadsheet.

What role does social media play in building customer relationships? And which KPIs should I track for RIA & RSS?

Social media integrated with Web 2.0 technologies promises a richer user experience through interactivity and access to information. Today customers have more options than ever on how they interact with organisations. The organisations that embrace these new channels to provide engaging and interactive content will succeed in building relationships with customers, as engaging with customers on their terms and delivering the right message at the right time is the key to any marketing strategy.

Rich Internet Applications or RIAs, are a good way to provide your visitors with an engaging site experience so that they visit more often, stay longer, and remain loyal.

Since the purpose of a RIA is to keep your site visitors engaged, it’s likely that you’ll want to track KPIs such as:

- Average views per visit
- Average visit duration
- Average task completion rate

Really Simple Syndication or RSS, is increasingly used by businesses to communicate with their customers. RSS is attractive to marketers because it can often provide deeper

insight into a customer's true interests because of its subscription-based or opt-in nature.

If you offer RSS feeds on your site, these are some of the KPIs you should be tracking:

- Average monthly RSS subscriber growth
- Average number of article requests, per category
- Average number of RSS feeds per subscriber

Once you understand which content categories appeal most to your visitors, you can prioritise further investment in specific feeds based on reader interest.

Online media is an increasingly important content distribution channel. While there are challenges for businesses attempting to take advantage of these distribution channels, those challenges can be overcome by employing a robust and flexible web analytics solution. Measuring and optimising streaming media content allows organisations to provide highly engaging content in a flexible format.

If you're offering video or slideshows on your site, the KPIs you may want to monitor would be:

- Average viewing duration per clip
- Average abandonment rate per clip
- Average number of slides/clips viewed per visitor

Hopefully by now it should have become apparent that the science of site design is a great deal more sophisticated than moving the odd link around the page or developing a pretty Flash intro to your site. The business of ensuring that the goals of your organisation are closely aligned with those of your website, and vice versa, is a process that if you haven't already must be entered into with the utmost urgency. Then you can start to turn your Web KPIs into ROI for the business – something that the board will be more than interested to hear about.