

# Metrics and Google Analytics reporting

What we are going to cover in this paper.

- The role of metrics in business
- Some key metrics for today's businesses
- More about the key digital metrics
- How Google Analytics helps you get at these
- Next Steps

## The role of metrics in business

One of the biggest dangers in business is flying blind.

The purpose of metrics is to allow you to control the overall health and direction of the business.

- That you are making enough sales
- That they are profitable enough
- That your sales pipeline is working well
- That your customers are happy with you and you are retaining them
- That your business processes are running well
- That you are increasing the value of your company by maximising the aggregate Customer Lifetime Value of your clients.

To keep track of this it's become good practice to construct a dashboard which lets you see immediately if something is going out of alignment. Looking at the business as a whole, we often construct a balanced business scorecard (Kaplan and Norton) which traditionally has 5 areas of focus

- Financial
- Customer
- Operations
- Staff
- Innovation

You would typically have a couple of measures in each category. Gross Margin, % of budget spent on training, debtor days, accidents (correlates with staff happiness) etc.

## Some Key Metrics for today's businesses.

This course is about digital marketing and it is always important to consider how the online activity sits beside more conventional models. This is particularly important because today's business models usually contain both online and offline activity.

It is sometimes surprising how online and offline activity can run parallel. In his book "Data Driven Marketing, the 15 metrics every marketer should know", Mark Jeffery identifies a set of online and offline metrics that can define a set of generic business goals. I recommend his book highly as it fulfils the key criteria of choosing metrics which are easy to get at, meaningful and actionable.

I have laid out the underlying structure of his chosen metrics here to demonstrate some key parallels and connections that are not spelled out in his book.

<b>Classic Marketing</b>	<b>Financial</b>	<b>On Line - Marketing</b>
Brand Awareness	Profit	Word of Mouth Uplift
Churn	Net Present Value	Bounce rate
Customer Satisfaction (would you recommend....	Internal Rate of Return	Return on Ad Spend
Test-Drive	Payback time	Cost per Click
Offer acceptance rate	Future value of a customer	Transaction conversion rate

Jeffery essentially says that you are advised to track 5 key financial metrics and 10 marketing metrics. The interesting thing is that the Classic and Online marketing sections parallel each other. Brand awareness and Word of Mouth uplift both measure brand awareness – how effective you are at getting your story out. Test drive (or other trial) / Offer acceptance rate and Cost per click / Transaction conversion rate are two pairs of sales pipeline metrics – one for face to face selling and one for online sales. Churn and Bounce Rate are both retention metrics.

What is particularly interesting in addition is his choice of financial metrics. Profit is obviously important but progress to payback and estimations of the net present value of a future value of a customer is squarely in the mainstream of current marketing thought, namely that value in a business is directly rated to the size of the aggregated sustainable income streams. Which of course boils down to the aggregate net present value of current and future customer sales. Hence the importance of retention in calculating customer life time value – by individual and in aggregate.

In considering what we should measure, return on advertising investment, cost per click and Transaction conversion rate are obviously important.

We should be taking these ideas into account in setting up our data collection and measuring systems and its why one of our exercises in this course homes in on churn prediction.

## **More about the Key Digital Analytics**

Google AdWords lets you create adverts and select and bet on keywords which you assign to each advert. If someone types one of your keywords into the browser, it will go into an auction and depending on how much you have been prepared to spend, your ad will appear higher or lower in the rankings. The display will also contain the link you specified in the ad and the page description tag that you wrote for the page will appear in the listing. If you have done a good job here you may beat someone who has come higher.

The trick is to be able to think like a human and a machine simultaneously.

Google analytics lets you track where your visitors come from and what they do on your site. This provides you with aggregated information about types of visitor and help you

tease out some meaningful segmentation. It will tell you how far down the conversion funnel they go and how successful you are at retaining them. If you tag your campaigns effectively it will also tell you how effectively you spend your marketing money. And if you are using AdWords, that information will be included in the analytics reporting.

To use Analytics effectively, you need to know what you are trying to achieve and what metrics make sense to you in the context of your business model. Things like

- Who are my visitors
- Where do they come from?
  - Searches
  - Sites
  - Geographies
- What do I want them to do and do they do it?
  - Where do they come in - coding and tagging parameters
  - Where do they go
  - What does the site overlay tell us?
  - Where do they abandon our funnels?

You want to be able to get at outcomes by all traffic sources so you can start with goal overview – source/medium report and then progress from there.

## How Google Analytics helps us get these.

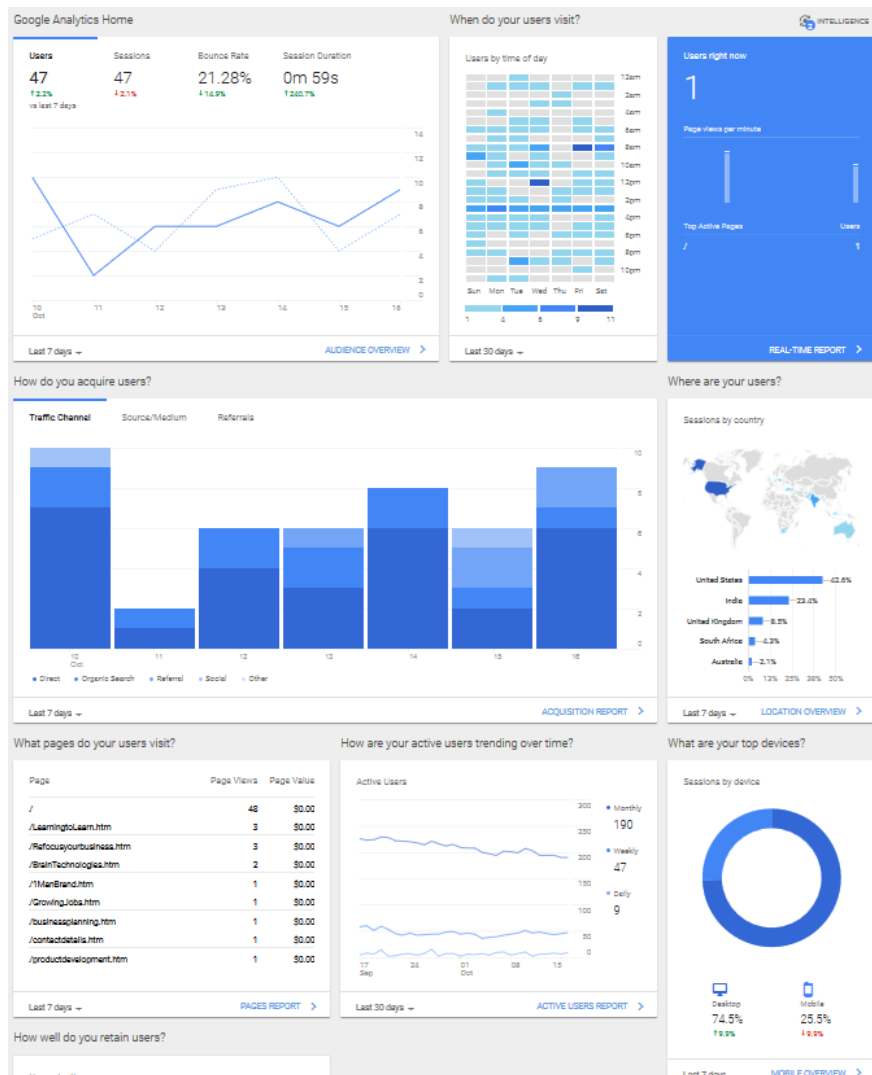
Google analytics presents you with a dashboard which tells you a number of things.

How many visitors you have in the last 7 days, what the bounce rate is, how long they stay on average, how many on the site right now, where they come from, what they've looked at, what devices they use and how are your active users trending.

It also allows you to track goals.

This can be a micro-goal – a step on the way to a sale – such as viewing a video, interacting with a button to ask for more information or it can be the sale itself.

One of the tasks we must carry out is to design our site and the flows between the different activities so that it's easy to measure.



Goals can be defined as numbers of pages visited, as whether an individual has arrived at a particular page or whether they have signed up for a newsletter, requested a pdf download, interacted with a widget or app or watched a particular video.

We have tried to devise this demonstration site to illustrate some of these principles. So, we have set up tracking for people accessing this paper for instance or watching the embedded videos. This involves setting up the mechanism at the site end and at the analytics end so that this information can be tracked, captured and analysed.

Some examples of goal measurement in Google Analytics can be reviewed here.

This was taken while the site was live but not promoted so that we can see that we have 11 goal completions this month.

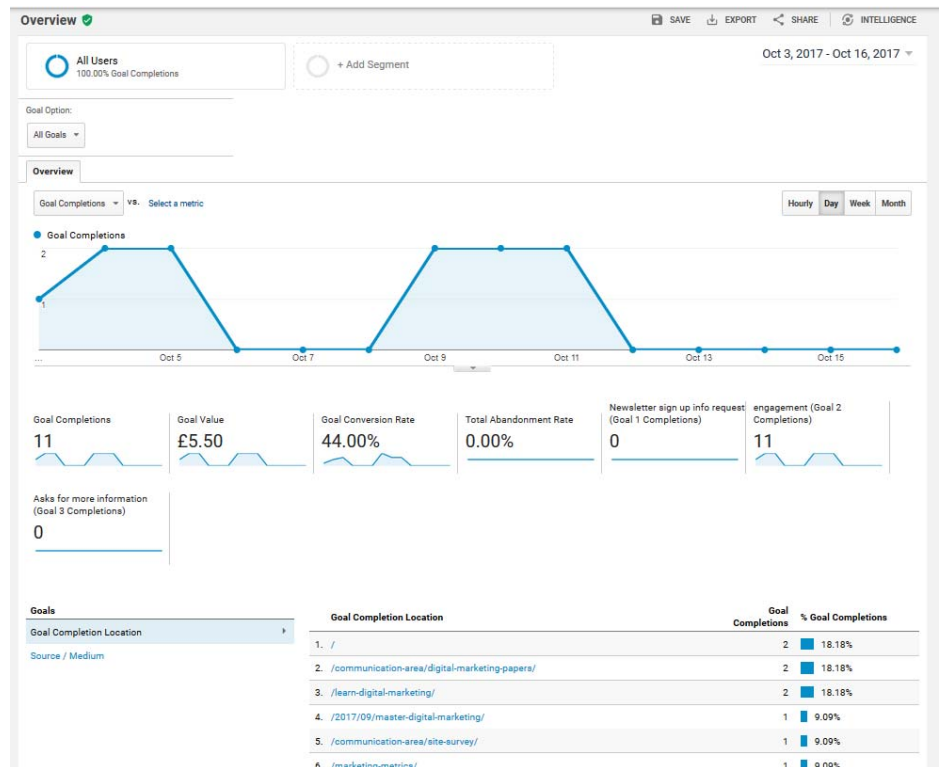
You will notice that there is a goal value. If you have an established sales pipeline with metrics for each stage you know what the ratios between each stage in the process is.

Impression to ad click.

Advert to Landing page

Landing page to shopping cart

Shopping cart to sale



You know how much you spend on total lead generation so you can allocate a value to each step in the process.

This holds true both for the main goals and for the micro goals which are the steps on the way to the sale.

So, you can see that some examples of actionable KPIs we might be tracking are

- Task completion rate
- Days and Visits to Purchase
- How many people convert
- Share of search
- Visitor loyalty and recency
- Subscriptions / Information Requests
- Cart and checkout abandonment
  - Where and why does this happen
- Average order value

If we use this information effectively we can

- Fix big losing landing pages
- Optimise the number and layout of ads
- Test different prices and selling tactics
- Optimise outbound marketing activity

And so on. We can do this by combining A vs B Testing with analytics but we do need to make sure our experiments are properly controlled.

## **So, in Summary**

We've looked at the importance of metrics particularly in the online world and we've considered how Google Analytics and Adwords analysis can help you home in on some of these.

As a business owner I want to know where my business is going using simple tools so that I can steer its overall direction. Hopefully we have given you some indication of how this can be done. In brief follow this 5 step procedure

1. Write down your business objectives
2. Identify the online strategies and tactics to achieve these
3. Define the KPIs to measure your success.
4. Choose the segments of the market you wish to concentrate on
5. Choose appropriate targets.

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