

WebTrends

851 SW 6th Ave., Suite 1600
Portland, OR 97204
1.503.294.7025
1.503.294.7130 fax

US Toll Free

1-877-WebTrends
(1-877-932-8736)

WebTrends Sales

1.888.932.8736
sales@WebTrends.com

Europe, Middle East, Africa

+44 (0) 1784 415 700
emea@WebTrends.com

For offices worldwide, visit
www.WebTrends.com

5 FAQs About KPIs

Here are the most frequently asked questions about KPIs with answers from WebTrends best practices manager Aaron Gray.

1. What is a KPI?

KPIs, or Key Performance Indicators, are the select measures that provide visibility into the performance of your business and enable you to take action based on those indicators. It's important to note that KPI's are not just raw numbers (such as # 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:

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

Typically KPIs are tracked and distributed in dashboards or scorecards to provide everyone in the organization 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're a retailer, you'd want to know your average order value:

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

2. Which KPIs should I monitor?

Everyone in your organization should be able to reference KPI's as a measure of their success. KPIs will vary from one organization to another, but here are ten questions you can ask yourself and your coworkers to start defining your KPIs—each answer should give you clues as to what you should be measuring:

1. What is the primary business objective of our site? (Some examples include: drive revenue, drive leads, contain costs.)
2. What are the valuable actions or behaviors I'm trying to get my site visitors to do? (Some examples include: purchase, register, consume content)
3. What adjustments can I make to change how many visitors are performing these valuable actions?
4. What is the value to my company each time someone performs one of these actions?

5. How often does each individual visitor perform this action?
6. What tactics do we use as a business to encourage visitors to perform these actions?
7. Do those tactics cost us money?
8. Do we need to show a return on the investments we're making in those tactics?
9. What business metrics am I held accountable for by my boss?
10. What business metrics are my boss held accountable for?

3. What are some best practices in creating a KPI dashboard?

Remember, KPI's 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 organization should be able to use to measure their success. When creating your dashboard, keep the following points in mind:

- All marketing, merchandising, or optimization activity should have an impact at the top-line KPI level. If it doesn't, you're spending your 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 organized into pie charts and graphs, while the Web Marketing Manager may need the additional context contained in a detailed spreadsheet.

4. What role does social media play in building customer relationships? And which KPI's 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. Customers have more options than ever on how they interact with organizations. The organizations that embrace these new and dynamic channels to provide engaging and interactive content will succeed in building relationships with customers. Engaging with customers on their terms and delivering the right message at the right time is the key to any marketing strategy.

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

ABOUT WEBTRENDS

Since 1993, WebTrends has provided the market with web analytics solutions that help marketers measure and improve web sites and online marketing. Today, WebTrends Marketing Lab delivers comprehensive analytics, dynamic advertising optimization and deep visitor intelligence to drive customer engagement and power targeted marketing. Thousands of leading global organizations have chosen WebTrends solutions and proven client services expertise to optimize their marketing initiatives, including General Mills, IKEA, Microsoft, Reuters and Ticketmaster. For more information, visit www.webtrends.com.

WebTrends®

Since the purpose of RIA is to keep your site visitors engaged, you'll likely want to track KPI's such as:

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

RSS, or Really Simple Syndication, 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, here are some KPI's you'll want to track:

- 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 prioritize further investment in specific feeds based on reader interest.

The whitepaper, [Measuring Web 2.0 Technologies, Part 1: RIA and RSS](#), explores this topic in greater detail.

Learn More: > [Measuring Web 2.0 Technologies, Part 1: RIA and RSS](#)

5. How do you see broadcast media interfacing with web analytics? Which KPIs should I track?

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

If you're offering video or slideshows on your site, here are some KPI's you may want to monitor:

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

The whitepaper, [Measuring Web 2.0 Technologies, Part 2: Broadcast Media Up Close](#), explores this topic in greater detail.

Learn More: > [Measuring Web 2.0 Technologies, Part 2: Broadcast Media Up Close](#)

WebTrends Marketing Lab™, WebTrends Analytics™, WebTrends Marketing Warehouse™, WebPosition®, True Optimization. Real Results.™, True Optimization™, WebTrends Dynamic Search™, the WebTrends Dynamic Search logo™, WebTrends® and the WebTrends logo™ are trademarks or registered trademarks of WebTrends Inc. or its subsidiaries in the United States and other jurisdictions. All other company and product names may be trademarks or registered trademarks of their respective companies.

© 1996-2008 WebTrends Inc. All rights reserved.