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The Role of Marketing Metrics in Digital Era: An Overview

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ABSTRACT

Many business sectors are being reshaped at an astounding pace, fuelled predominantly by new digital innovations. In times of radical innovation, companies are always faced with a mixture of risks and opportunities. Traditionally, the ones with the best ability to adapt to continuously changing environments today have always been tomorrow's winners. There's no reason why this should be different this time. Business leaders need a profound understanding of what's happening in order to develop a structured approach, and should simultaneously by creating a stimulating environment for experimentation and collaboration. This article elaborates on the impact of digitization upon companies and sketches a way to approach the challenges involved.

The Digital Era is characterized by technology that increases the speed and breadth of knowledge turnover within the economy and society. In time, within this version of the Internet, software agents will exchange knowledge without human intervention.

Marketing metrics are a quantifiable way to track performance and are an important marketing measurement tool for gauging a campaign's effectiveness. In other words, marketing metrics are measurable key performance indicators (KPIs) that provide insight into marketing activity. It is the practice of measuring and analyzing marketing activity in order to improve effectiveness. Marketing analytical evaluations are the tools used to maximum effectiveness.

The purpose of the study is to emphasize the concept of the Digital era, M*arketing* analytics and Marketing metrics. *The research method of this study used the secondary data listed in different databases of books, research papers, and related articles on the internet of* Marketing metrics. *The present study will undertake to describe the* different types of Marketing metricsas well as the *role of* Marketing metrics.

***KEY WORDS:** Digital era, marketing analytics, marketing metrics, KPIs, business*

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I. INTRODUCTION

In recent years, data-based marketing has swept through the business world. In its wake, measurable performance and accountability have become the keys to marketing success. However, few managers appreciate the range of metrics by which they can evaluate marketing strategies and dynamics. Fewer still understand the pros, cons, and nuances of each.

More than a decade ago, we recognized that marketers, general managers, and business students needed a comprehensive, practical reference on the metrics used to judge marketing programs and quantify their results.

Marketing metrics measure the success of marketing campaigns and show how well campaigns are tracking toward key performance indicators (KPIs). They are one of the most important elements of any campaign, and without them, the marketing teams wouldn't have a clear picture of whether their marketing strategy is a success. Here, we'll explore the basics of marketing metrics and KPIs, share helpful metrics for digital marketers, and discuss which Amazon Advertising solutions can help measure campaigns most effectively.

1.1. Digital Era

The Digital Era is characterized by technology that increases the speed and breadth of knowledge turnover within the economy and society. Evolutionary theory, as an explanation of the system we live in, states that sustainability relies on knowledge turnover. In parts of the system which are relatively stable, knowledge turnover is low, and new variation, when produced, is rarely retained. In other, less stable parts of the system, faster knowledge turnover is advantageous as new knowledge is produced more frequently allowing for adaptation to the changing surrounding environment. Mixing and matching rates of knowledge turnover makes for a dynamic but ever-lasting world. The Digital Era can be seen as the development of an evolutionary system in which knowledge turnover is not only very high but also increasingly out of the control of humans, making it a time in which our lives become more difficult to manage. In time, within this version of the Internet, software agents will exchange knowledge without human intervention. The social and economic implications of the Digital Era are huge and will increase as technological functionality becomes more knowledge-based, our everyday lives and understanding of ourselves become more linked to it, and it takes on a 'life of its own. Understanding the Digital Era in terms of evolution will help ensure we build sustainable socio-economic relationships both with technology and with the advanced knowledge that technology helps us create.

1.2. Marketing Analytics

Marketing analytics is the practice of measuring and analyzing marketing activity in order to improve effectiveness. Because marketers have a finite amount of budget to spend on their initiatives, it is critical they invest in the most effective tactics and strategies. Marketing analytical evaluations are the tools used to maximum effectiveness. Marketing analytics can range in rigour from examining metrics at face value to looking at deltas over time, modelling and projecting future values, causal analysis (a brand-new frontier), machine learning and more.

1.3. Marketing Metrics

Marketing metrics are a quantifiable way to track performance and are an important marketing measurement tool for gauging a campaign's effectiveness. The most appropriate marketing metrics vary greatly from one campaign to the next, but in general, they measure the effects of your campaign on audience actions. The right marketing metrics to measure will be the ones that ultimately have the most impact on your business goals, which may be sales generated for one campaign but incremental reach for another. By helping you understand how effective your campaigns are, marketing metrics help marketers optimize their current campaigns and plan for future campaigns.

1.4. Example of Marketing Metrics

There are hundreds of metrics marketers can use to determine a campaign's success—it's a matter of choosing the right one for each particular strategy.

Different metrics give you different insights. For example, email opens and clicks can show engagement level, while the unsubscribe rate can indicate if audiences find your content interesting and relevant. Ad impressions and video views help measure your campaign reach. Cost-per-action can help you track the efficiency of your campaign.

Here are examples of metrics for various marketing channels that can help marketers make informed decisions about how to best optimize their budgets.

- Email marketing: as email opens, email forwards, and unsubscribes
- Digital marketing: click-through rate, cost-per-action (CPA), and impressions
- Social media: follower count, impressions or reach, and engagement rate
- Website: total traffic, bounce rate, new customers, returning customers, time spent on site and traffic sources, as well as conversions
- Content marketing: blog traffic, amount of content shared, content downloads, and qualified leads through lead generation form fills
- Video and streaming TV ads: impressions and total viewing time
- Sales: sales team response time, sales call volume, and sales call reviews
- Revenue: how much revenue each channel is generating
- SEO: keyword average rankings, keyword search volume, and organic traffic
- Quality: Quality Score, Net Promoter Score, reviews, and monthly recurring revenue

1.5. Importance of Marketing Metrics

Marketing metrics are critically important because they help brands determine whether campaigns are successful, and provide insights to adjust future campaigns accordingly. They help marketers understand how their campaigns are driving towards their business goals, and inform decisions for optimizing their campaigns and marketing channels.

These insights help a marketing team understand if it has achieved its goals in terms of reaching new customers, awareness, engagement, sales, lead generation, and more. These analytics also serve as an early warning system if marketing campaigns aren't performing as expected, and can help with effective decision making to adjust campaigns in real-time.

Finally, marketing metrics are the primary way marketers can show the impact that marketing and advertising are making for their company or organization. This can inform annual budgets and headcount, making these insights essential beyond ongoing measurement and campaign planning.

1.6. Need of Marketing Metrics

Understanding marketing metrics and measuring your marketing activities is a really important part of any marketing strategy. As we move into an ever-more digital world, it's never been easier to understand the effectiveness of your campaigns.

Metrics can be used to measure every element of a digital marketing strategy. This means at every stage you can be checking that your activities are going in the direction intended. Metrics also allow you to stop, or change, something if it's not going well. This is something that you aren't able to do with traditional media advertising such as printed adverts magazines or billboards. Even TV adverts can't give you reliable figures on the size of the audience. A recent report by Venture Beat suggested that businesses are looking to increase investment in marketing analytics by 73-100% over the next three years.

As a marketer, or aspiring marketer that means you need to be aware of how metrics can be used.

1.7. Main types of Marketing Metrics

There are many, many, many types of marketing metrics, analytical approaches and ways to measure performance. Let's take a look at some common metrics most marketers use frequently.

Here are five types of common marketing metrics: Advertisement effectiveness, Purchase funnel, Lead-based, Investment efficiency and Customer value.

1.7.1. Advertisement effectiveness:

Advertising effectiveness metrics are KPIs that help marketers evaluate how ads accomplish a particular goal and which ads best accomplish that goal. Our above A/B testing example is a form of measuring advertising effectiveness.

- **Ad Recall:** Ad recall is a measurement of how consumers remember an ad. Specifically, ad recall is the percentage of people shown an ad or creative who remember the ad or creative at a later date.
- **Click-through rate:** Often abbreviated as CTR, this metric measures the rate at which customers click an ad. To review our more in-depth article explaining CTR.
- **Engagement:** Engagement is a term that can apply to several different marketing measurements. However, it is mostly used in social media applications and is a measure of how users interact with a particular social post or ad. Thus, the engagement of a social ad is measured as the percentage of users who take any action on that ad (i.e. likes, comments, shares, etc.).
- **Conversion rate:** Conversion rate is a measure of how customers complete the desired action. Conversion rate is the percentage of website visitors or ad viewers who complete a desired action such as submitting an email address, filling out a form, or purchasing a product. Customers are usually considered "converted" when they have completed the final action in the marketing funnel. Other metrics such as consideration (detailed below) apply to earlier funnel actions.

1.7.2. Purchase funnel:

Marketers refer to the stages customers take in their purchase process as a purchase funnel or marketing funnel. The measurement of each purchase funnel stage provides critical info to brand marketers. While there are many steps in a purchase funnel, below are some of the most commonly measured stages.

- **Brand awareness:** Brand awareness, as the name implies, is a measure of customers' awareness of a brand. There are different types of brand awareness. The most common are aided awareness and unaided awareness. Aided awareness is defined as the percentage of customers who have heard of a brand when given the brand name (i.e. providing the brand name as stimuli is the "aid").

As an example, marketers trying to measure the aided awareness of automobile brands might provide a list of car brands and ask customers to identify the brands with which they're familiar.

Unaided awareness is defined as the percentage of customers who have heard of a brand (without an "aid"). Unaided awareness is measured by asking customers to list the brands with which they're familiar in a particular category. Customers are not provided brand names as stimuli when measuring unaided awareness.

- **Consideration:** Brand consideration is the second stage in a purchase funnel, directly the following awareness. Consideration is defined as the percentage of customers who would consider a brand when making a purchase decision.

Using our previous automobile example, marketers may ask customers to identify the car brands they'd actually consider purchasing. Note that this is different from awareness. Customers first need to be aware of a particular car brand before they can consider it. However, being aware of a brand does not necessarily mean a customer would consider purchasing the brand.

Using a personal example, I love Lamborghini cars. They're wonderful pieces of design and engineering. In this sense, I am aware of their brand. However, while I'm aware of Lamborghini, I would never consider purchasing one due simply to the price tag. It's weary out of my price range. This is an important distinction between awareness and consideration. Marketers rely heavily on both metrics when building brands.

1.7.3. Lead-based metrics:

There are many lead-based business and marketing paradigms. B2B marketers are focused on attracting leads for their sales process. Service-based businesses measure their demand in the form of leads. Leads are a formal expression of interest by a customer. Leads are important in these types of businesses because each customer begins as a lead.

- **Cost per lead (CPL):** Cost-per-lead (CPL) is the average amount of marketing investment needed to acquire a lead. CPL is calculated by dividing the total lead acquisition marketing investment by the number of leads acquired from that marketing investment.
- **Cost per acquisition (CPA):** Cost-per-acquisition (CPA) measures the amount of marketing investment required to acquire one customer. CPA is calculated by dividing the total customer acquisition investment by the number of customers acquired from that investment.

1.7.4. Investment efficiency:

Most marketers want to understand how well their marketing investments are generating results. There are many types of marketing metrics that help marketers understand their marketing investment effectiveness. Let's explore two common examples**.**

- Return on ad spend (ROAS):Return on ad spend (ROAS) is a very important metric for digital marketers. It's a measure of how much gross revenue is generated by each dollar of marketing investment. The goal of this metric is to help marketers comparethe revenue returns of various tactics and channels. Explore our in-depth guide to return on ad spend (ROAS).
- Return on investment (ROI): Return on investment calculations can be very slightly. However, most marketing ROI formulas are a measure of the profit generated for each dollar of marketing investment.

1.7.5. Customer value:

The value of a customer is extremely important for marketers. Because a marketer's primary goal is to attract and retain customers, it is critical to have a detailed understanding of each customer's value. How much is a customer worth? How much does a customer spend? How long do customers stay? These questions are answered by a series of value-related marketing metrics.

- **Lifetime value (LTV):** Lifetime value (LTV) is defined as the amount of revenue (or sometimes profit) derived from an average customer over the lifetime of his or her relationship with a business.
- **Average order value (AOV):** Average order value is defined as the average amount a customer spends on one transaction. This metrics is most often used in eCommerce businesses.
- **Retention rate:** Knowing the amount of time a customer stays with a brand is very important to service-based businesses. In these businesses, the retention rate is defined as the per cent of customers who remain enrolled in service for a defined period of time.

1.8. How to follow 5 critical Marketing Metrics?

Metrics are the foundation for any successful marketing strategy, but most companies fail to use many of these important metrics to calculate success or failure. Too often, companies focus heavily on the number of new leads generated, which ignores many of the complex formulas that can determine the true success of any marketing strategy.

Marketers are in a revolving cycle of constant change and flux. With the increasing number of marketing options and strategies, companies and marketers need to stay ahead of their competition. To help formulate an effective strategy, it is imperative that you understand these critical metrics and their formulas.

- **ROI (Return on Investment):** ROI is the most common formula and probably the easiest to understand. ROI is a measurement tool used to calculate the effectiveness and value of an investment. It shows the gain and/or loss of an investment by comparing and measuring the amount of return on investment with the investment costs.

- ROI is popularly used with other methods to help develop crucial business plans based on the metrics received. However, ROI calculations can be adjusted and manipulated for different uses. One company may use it to evaluate a return on a stock, while another may use it to make vital decisions on whether the new PPC or SEO strategy is effective.
- **CPA (Cost per Action):** CPA is referred to as Cost per Acquisition, Pay per Action or Cost per Action. It is a formula that measures the amount a business has paid to attain a conversion. CPA is also used to define a marketing strategy that allows advertisers to pay for a specified action, such as making a purchase or filling out a form from potential consumers. CPA campaigns are relatively low-risk, as costs are only accumulated once the desired action has occurred.

Most companies define CPA as Cost per Acquisition. For example, a company invests $1,000 in an SEO campaign. They received 100 new customers specifically from SEO. Their CPA is $10/customer. The formula is CPA = (Cost/ Conversions). Divide the cost of the ad campaign by the conversions.

- **ROAS (Return On Advertising Spend):** Simply put, ROAS is a tool used to measure the profit made from advertising. It's the most useful metric to evaluate the performance of marketing campaigns, as it measures how much revenue you get back on each dollar spent on advertising. While ROI can give you an overall view, using ROAS formulas allows you to gain specific performance measurements based on every marketing network executed. For example, you can apply ROAS to specific campaigns and ad groups to receive a better perspective on the best direction for optimizing unprofitable advertising.
- **CLV (Customer Lifetime Value):** The Customer Lifetime Value metric is used to determine the economic value a customer brings to your business, not only for the time being, but for the entire time they're a customer. The metric considers everything from their first interaction to their final purchase with your company. This is essential to determine whether there is more value in long-term marketing channels.

In other words, if your CLV value is high from a specific marketing channel, you will want to invest more into retaining customers -- assuming you have a positive ROI. This metric also allows you to evaluate your company's success based on the long-term results of your marketing strategies.

- **Customer Retention Rate:** Customer Retention Rate is a metric used to calculate how loyal your customers are. Acquiring new customers costs more than retaining current ones. Determining how dedicated a customer is to your company allows you to improve your business strategies. If you can encourage loyal customers to stay with your business longer, you'll maximize your revenue.

II. RESEARCH METHODOLOGY

This research conducted research using second-hand data listed in different databases of books, research papers and related articles on the Internet on about marketing metrics.

III. OBJECTIVES OF THE STUDY

- To know the concepts of digital era, marketing analytics and marketing metrics.
- To study the importance of marketing metrics.
- To study the different types of marketing metrics.
- To study the role of marketing metrics.

IV. ROLE OF MARKETING METRICS

The role of marketing metrics has changed in recent years due to the rise of data-based marketing and the increasing complexity of distribution channels. The emergence of data-based marketing has given companies an incredible amount of data about the patterns and behaviours of their target audience. To remain competitive in today's marketplace, businesses have to find an efficient, reliable way of monitoring and analyzing all of this data. This task is made even more difficult by the increased number of channels businesses use to communicate with their customers.

We should not underestimate the role marketing metrics play in your business – especially because focusing on the wrong metrics can prove detrimental to your long-term success.

The marketing metrics play a major role in the company's growth and profitability. As we can figure out which metrics matter – and which ones don't.

Many business owners struggle to understand how marketing metrics influence their company's bottom line.

In this article, we explain the role marketing metrics really play in the business and why measuring the right ones is so important for our online success.

V. CONCLUSION AND SUGGESTIONS

Digital KPIs/Metrics are nothing but similar kinds of KPIs/Metrics with the same goals to evaluate & monitor the success of the business. However, digital KPIs/Metrics as the name suggests are 100% reliant on digital channels such as social media, SEO etc. Industrial revolution 4.0 has been started and most of the businesses have started to adopt them sooner to compete in the marketplace. It is very essential for all industries and companies to have a presence in the digital market place some form or other. It could be a website to optimize it through SEO, social media presence etc. It helps to monitor your business objectives quick & instant.

Historically, this has always been the case, of course. This time, however, the digital transformation is very powerful and omnipresent. In fact, it has already changed our behaviour as human beings. Amazon has long since changed the way we buy things. Netflix has transformed the way in which we consume entertainment on a variety of devices. And companies like Airbnb and Uber are now in the midst of shaking up the hot eland transportation industry. Many other industries will follow suit.

While digital disruption may threaten current businesses, it also creates opportunities for those organizations that are willing to embrace change. Organizations that do not seize the opportunity stand to lose and will find it even more difficult to catch up as technology advances. The million-dollar question is: How can business leaders deal successfully with this challenge?

With the arrival of more disruptive technologies and digital transformation, it's not enough to simply copy the analogue world and digitize it. Today's customers increasingly demand a superior experience as part of their daily interaction with the market. The rapid adoption of digital technology, mobile devices and social networking is empowering customers to an even greater extent, moving digital into a company's daily business and revolutionizing value chains. User experience is the key to success.

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