

Web Metrics

This module covers the concepts of hits, pageviews, visits, visitors, clickthrough rate, cost per click, cost per order, cost per customer acquired, bounce rate, abandonment rate, and cost per friend.

MANAGEMENT by the **NUMBERS**

Author: Paul Farris

Marketing Metrics Reference: Chapter 9

Basic Web Metrics

Definition

Hits: A count of the number of file requests received by the server; (a better measure of server capacity needs than measuring actual visitor activity).

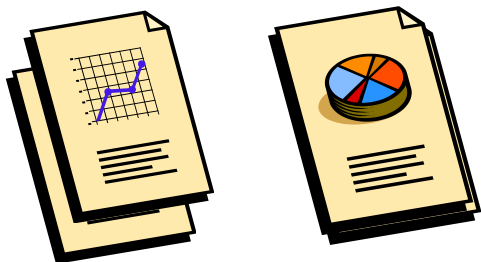
As pages often contain multiple files, **hits** is a function of both the pages visited and the # of files on the page.

Page design can affect traffic measures using **hits** and therefore hits are no longer widely used as a metric.



Definition

Pageviews: The number of times a specific page has been requested by the server.



Pageviews are a better measure of traffic than **hits** but not known if it is one person viewing ten pages on one visit or ten people visiting once and viewing one page per visit?

Visits and Visitors

Definition

Visits are generated each time a person accesses a website.



Pageviews must be more than or equal to the number of **visits**, as a **visit** can consist of one or more **pageviews**.

Definition

Visitors: The number of unique users of the site.

Visitors must be less than or equal to the number of **visits** as a **visitor** can account for one or more **visits**.



Clickthrough Rate

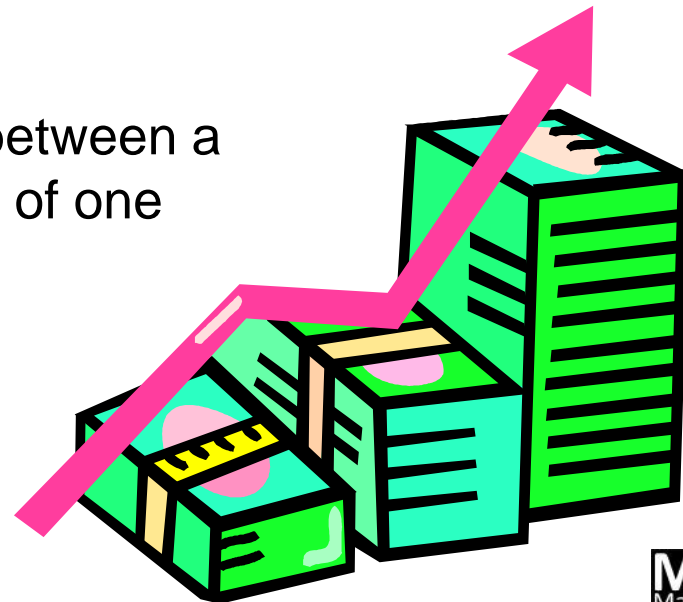
Definition

Clickthrough Rate: the percentage of impressions that result in a click

$$\text{Clickthrough Rate (\%)} = \text{Clickthroughs (\#)} / \text{Impressions (\#)}$$

Clickthrough Rate is a key metric in determining the effectiveness of Internet advertising.

Typically, internet ads generate low **clickthrough rates**. The difference between a good and a poor ad may be a fraction of one percent.



Cost per Click & Cost per Order

Definition

Cost per Click: the amount paid per click generated

Cost per Click (\$) = Total Cost (\$) / Number of Clicks Generated (#)

Definition

Cost per Order: the cost paid per order generated

Cost per Order (\$) = Total Cost (\$) / Orders Placed (#)



Search Engine Click Costs

Maximum Cost per Click is established through a bidding process, in an auction type format, to search engine marketers. These, at least partially, determine the order in which links are shown to searchers.

The price charged to the winning bidder will usually be just above the **Maximum Cost per Click Price** the second highest bidder was willing to pay.



Customer Acquisition

Cost per customer acquired is a metric that is particularly powerful when complemented by **Customer Lifetime Value** projections. The expected value of customers acquired can be compared to acquisition costs to determine whether an initiative has positive contribution.



Definition

$$\text{Cost per Customer Acquired (\$)} = \frac{\text{Total Cost (\$)}}{\text{Number of Customers Acquired}}$$

Bounce Rate

Definition

Bounce Rate: the proportion of visits that end on the first page of the Web site a visitor sees

$$\text{Bounce Rate (\%)} = \frac{\text{Visits that access only a single page (\#)}}{\text{Total Visits to the Web site (\#)}}$$

Bounce Rate reflects the effectiveness of Web sites at drawing the continued attention of its visitors.

Typically, bounce rates indicate a company's effectiveness at generating relevant traffic. Thus, the more relevant the traffic coming to the Web site, the lower the bounce rate.

Rich Media

Definition

Rich Media: interactive media that allows consumers to be actively engaged

Average Rich Media Display Time(#) = **Total Rich Media Display Time (#) / Total Rich Media Impressions (#)**

Rich Media Display Time monitors how long advertisements are holding the attention of potential customers.

Definition

Rich Media Interaction Rate (%) = **Total Rich Media Impressions with Interactions (#) / Total Rich Media Impressions (#)**

Rich Media Interaction rates tracks how actively involved potential consumers are with an advertisement.

Other Internet Metrics

- Contribution per order
- Abandonment rate
- Downloads
- Cost per friend



Definitions

Abandonment rate: The percentage of shopping carts initiated, but not completed.

Downloads: The number of times an application or file is downloaded. Reflects success of organization in distributing applications to users.

Cost per friend: The number of and cost per friend recruited on a social networking page.