



10

most important marketing
KPIs, and how to
comprehensively track them.

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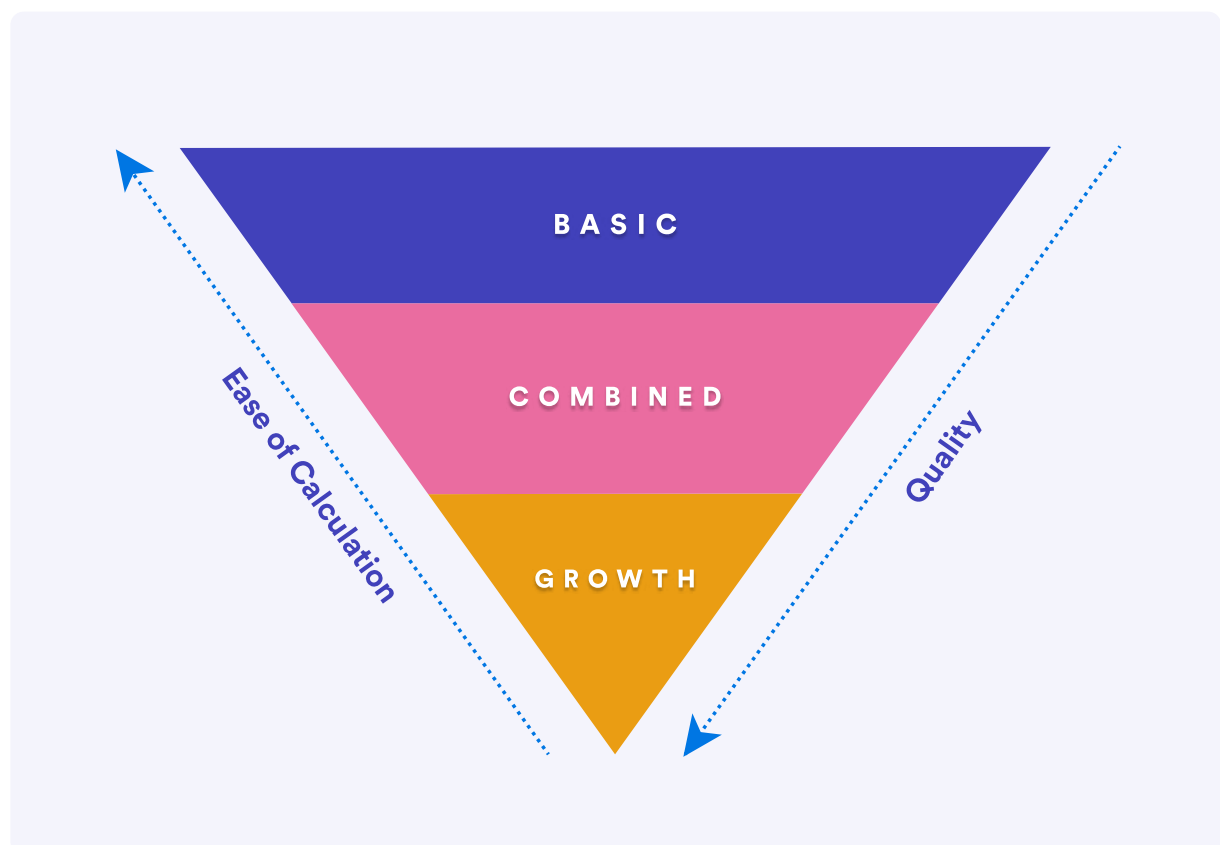
KPIs: Your indicator for marketing health and success

If you've been working in a marketing team for a few years, you've probably heard people say, "marketing teams are the ones that spend money and do creative things." However, this description is slowly losing its credibility - for the better. The success of your marketing strategy demands more than creative thinking and ingenuity. Sustainable decisions that ensure your company's profits rely on regular gathering and analysis of your data.

Together with the Kemb team, we sat down and gathered the ten most important KPIs for marketing teams, and how to track them.

The foundation of a successful marketing team lies within a combination of understanding your audience, products or services, the channels you can leverage, and finally, your data. This whitepaper will solely focus on the last part and guide you through the most crucial metrics that help you evaluate your company's health and growth.

The question is not if marketing teams are, or should be using KPIs to measure their performance, rather which ones are most valuable for your business. Before we dive into the individual KPIs, we must set a foundation for "KPI - Value Levels".



One might argue that these are akin to levels of complexity, but by splitting these KPIs into three levels, we can better understand how we split this deep dive into some of the most critical KPIs.

Basic KPIs

Definition: KPIs that are tracked and measured automatically within a specific tool.

Basic KPIs help you get an understanding of how well your performance is developing over time. Most of these KPIs are relatively standardized; they are widely used and, in many cases, serve as the foundation for more advanced metrics.

Some of these KPIs are Website Impressions, Social Media Followers, or Email Subscribers.

Within the Basic KPIs, some need a little bit of customization and tweaking to make them relevant for your company.

A good example would be the addition of a conversion or a conversion value to your website. By adding these, you can see how well your visitors perform on your website and which ones are converting.

Some of the essential Basic KPIs are Website Visitors and Sessions per Source, Pages per Session / Dwell Time / Avg. Session Duration, Conversion Value, or % of Logged-in users.

Combined KPIs

Definition: KPIs calculated based on data from multiple tools, bringing data sets together to measure Combined KPIs.

Some of the more common ways such KPIs can be measured is via a conversion linker or a tracking pixel. This approach enables a tool to collect data which is collected outside its platform, such as an advertising conversion that happens on your website.

However, the connection between tools is not always that easy. You might be forced to manually export data out of a tool and combine your data into a different place. Most marketers out there probably have a special memory of combining data from various tools into a spreadsheet to calculate an important value.

An example of such a KPI could be the calculation of Return on Ad Spend (ROAS - profit/advertising costs). ROAS requires data from different tools, such as Revenue and Profit Margin data from your Sales tools which then have to be combined with the advertising costs you have across all your platforms.

Some other metrics are Marketing Cost/Touchpoints per Sale and First interaction to Sale.



Growth KPIs

Definition: The highest level of quality when it comes to KPIs. This enables you to add and adjust variables to see which impact a specific variable has on your KPI.

Here you can think of combining customer data with your marketing data, enabling you to understand the lifetime value of your customers (CLV). Or, adding weather data into your sales data to understand the impact of seasonal or good weather on your product sales.

Using Growth KPIs elevates you to a level where you can start playing around with variables to understand their impact and make more data-driven marketing decisions - a level where your Marketing team invests into measurable user value, rather than "just spending money."

Some of these KPIs are Customer Lifetime Value or Customer Acquisition Cost.

10 marketing KPIs to help understand your business

Now that we have set the foundations, it is time to get our hands dirty by diving into some of the most critical KPIs. We have created a shortlist of the ten most crucial online marketing metrics that we recommend every business should have on its plate.

1 - Website Visitors and Sessions per Source

What:

An obvious and important KPI that can be tracked effortlessly via your website's connection to Google Analytics a visitor is a user who has visited your website at least once during the period under consideration. You can measure the number of users who access your website via all organic and paid marketing sources, determine the proportion of new and returning visitors, and keep an eye on significant fluctuations.

Note: A single visitor can be responsible for multiple sessions as well as for multiple visits (e.g., he visits your site on consecutive days). Keep in mind which one of the two you are using as a KPI.

Why:

The actual number of users is a key KPI to assess the effectiveness of your marketing activities in attracting people to visit your website. By splitting between marketing sources, you can also gain insight into the efficacy of the different channels in driving traffic and determine where your target audience is likely to be active and what their interests are. The attractiveness of individual campaigns and specific topics can also be evaluated based on the number of visits to specific landing pages or articles, allowing appropriate measures and optimizations to be taken.

Note: Due to GDPR and the limitations it brings to the way how tracking works and how "complete" your data might be, you might want to check this KPI for data accuracy.



How:

Accessing these KPIs does not require a lot of effort as long as you measure website performance using a connection to Google Analytics or similar tracking products. Visitors are among the default reported metrics here.

Where:

In your Google Analytics account, you will find the number of visitors within the acquisition section. Here you can make further data splits between sources, landing pages, and so on, and you can, of course, choose the period you would like to analyze the user data for.

2 - Pages per Session / Dwell Time / Avg. Session Duration

What:

How many pages do users access in a session? How long do they remain on your site after clicking on a search result, before returning to the SERPs, or taking another action on your site? And lastly, how much time on average do they spend browsing your website before exiting (or being inactive for some time)? Measure this data and gain insight into your website visitors' behavior.

Why:

The number of users measures your website's acquisition qualities. To gain a more accurate picture of your website's engagement potential, you can further use a set of metrics that measure and benchmark on-site behaviors. Is your website's content appealing? Is it arousing the users' curiosity? How effectively is it keeping users on your website? And do they actually interact with the content?

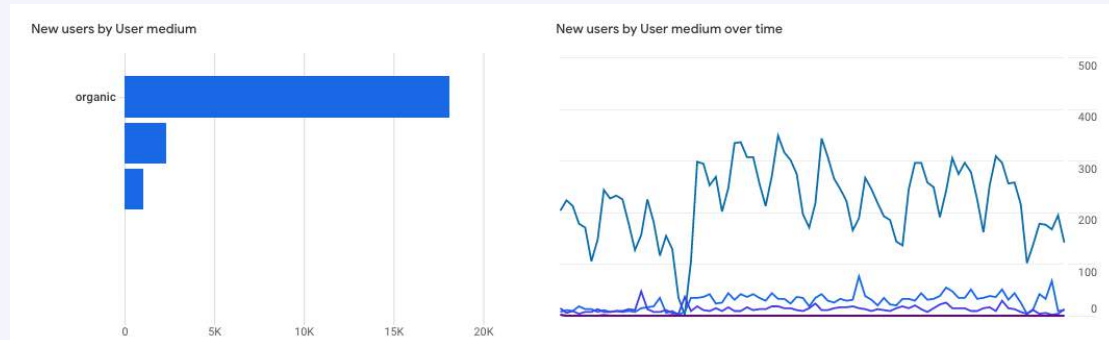
As a general rule, if your articles are worth reading, users will spend more time on them. If your content is meaningfully interlinked, it will positively affect the number of pages accessed. A solid and convincing overall experience on the website can also increase the average time spent on the site. You should not, however, analyze the numbers in isolation.

A large number of visited pages does not automatically indicate a positive signal. Poor website structuring might sometimes explain users spending a long time looking for the results they wanted.

How:

Again, for these basic metrics, analytics tools provide direct results. No calculations or connecting data sources are required, as long as you consider the corresponding data for your website only. Therefore, the integration with an analytics tool is sufficient.





Where:

You will find these metrics in the same acquisition section overview you are using to analyze user numbers.

3 - Landing Page Conversion Rates

What:

The percentage of users who have taken a pre-defined and targeted action while visiting your website. It may be that a lead is generated, for instance, when a purchase is made or when your contact form is completed. Therefore, when looking at the conversion rate, it is essential to always focus on your primary conversion goal.

Why:

The most crucial objective behind a landing page is to convert users. The effectiveness of your landing pages is reflected in the conversion rate. Conversion rate serves as an essential indicator that connects previously mentioned metrics to the ultimate achievement of your primary business goals.

No matter the number of people you attract to your landing page, unless a certain proportion eventually converts, eg, buying your product, your marketing fails to reach its intended business goals. Identify well-functioning landing pages and potential pain points, and then optimize them methodically and systematically. Are call-to-actions correctly displayed, do they use the right colors, and communicate content that encourages action? Do the headlines speak to your audience, and is the content neatly structured? Thoroughly test your landing pages and increase the number of users reaching your intended goal.

How:

You can also easily gain insight into your conversion rates in your daily tracking, or the metric is also available in your account's acquisition area. What is important in this case is the "preliminary work," that is, your definition of target goals, which can, of course, look quite different depending on the type: from signing up for a newsletter, making an appointment, or buying a product. Simply set and add targets in the account settings.

$$\text{CONVERSION RATE (\%)} = \frac{\text{\# OF CONVERSIONS}}{\text{\# OF VISITORS}} \times 100$$

Where:

Within the acquisitions section of your Google Analytics account, you can review your website's global conversion rates or conduct customized analyses. For instance, to get the specific conversion rate of a particular page for organic visitors only, start by selecting the primary dimension "Organic" in the channel selection and then choose "Landing Pages" as a secondary dimension to get a detailed breakdown of all landing pages and corresponding conversion rates for organic traffic.

4 - Retention Rate

What:

Retention rate indicates how many clients remain active customers after a certain period. For instance, a year after downloading your app, how many app users remain active? Or how many people make another purchase in your store, or continue to use your service? The appropriate length of this period and when to define a customer as being active is something each company needs to determine individually. The benchmark value also varies with the industry and should follow corresponding industry metrics.

Why:

Unless your business model is primarily driven by one-time purchases instead of ongoing customer engagement, the retention rate is an essential marketing KPI. Moreover, it provides a suitable indication as to how satisfied customers are with your product and how successful you are at developing loyal clients.

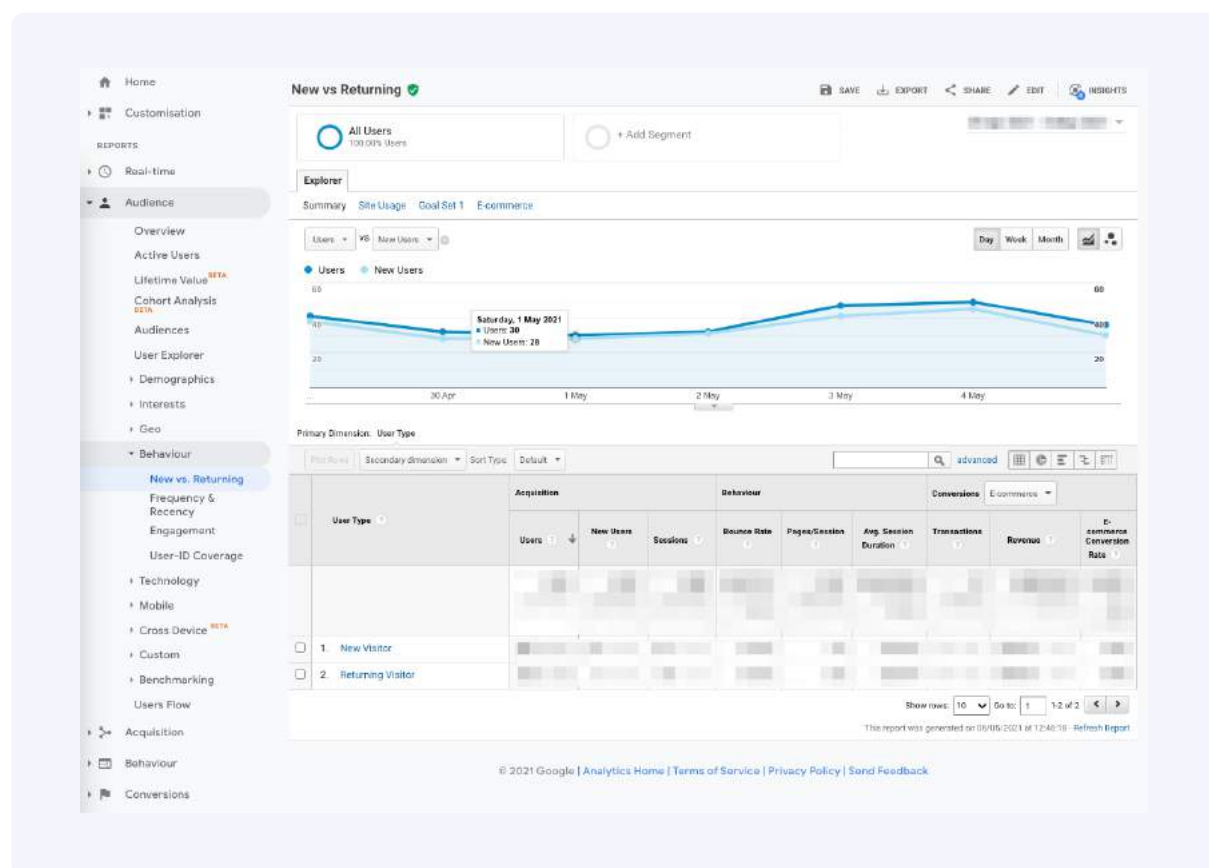


As a predictive metric, it allows assessments of growth trends and potential future revenue. It is also relevant for marketing efficiency. Generating revenue via loyal customers is typically significantly more cost-effective than acquiring new ones, while customer profitability tends to increase over time as well. To carry out a more in-depth analysis on the efficiency of particular marketing campaigns, keep a constant eye on cohort retention rates. If one cohort is particularly successful, it may result from an excellent remarketing strategy or intensified efforts on a particular marketing channel.

Needless to say, there are shortcomings in retention rate as a sole KPI since it only provides information on active current customers. It does not consider new and reactivated customers, which may skew the overall assessment of your marketing effectiveness.

How:

Reviewing visitor retention doesn't require a lot of effort. The metric flows automatically into your Google Analytics report (select "Audience View," then go for "Behavior" and choose "New and Returning"). However, in this case, the focus is on actual customers rather than website visitors alone. Calculating the retention rate is simple, based on the underlying time frame and your definition of what an active customer is.



Suppose you want to measure retention rate across 12 months. Take, for example, 500 active customers at present, 80 of whom have become new customers within the last 12 months. A year ago, you had 450 active customers. So the formula for calculating your retention rate is:



$$\text{RETENTION RATE (\%)} = \frac{\text{ACTIVE CUSTOMERS (END OF PERIOD)} - \text{NEW CUSTOMERS}}{\text{ACTIVE CUSTOMERS (BEGINNING OF PERIOD)}} \times 100$$

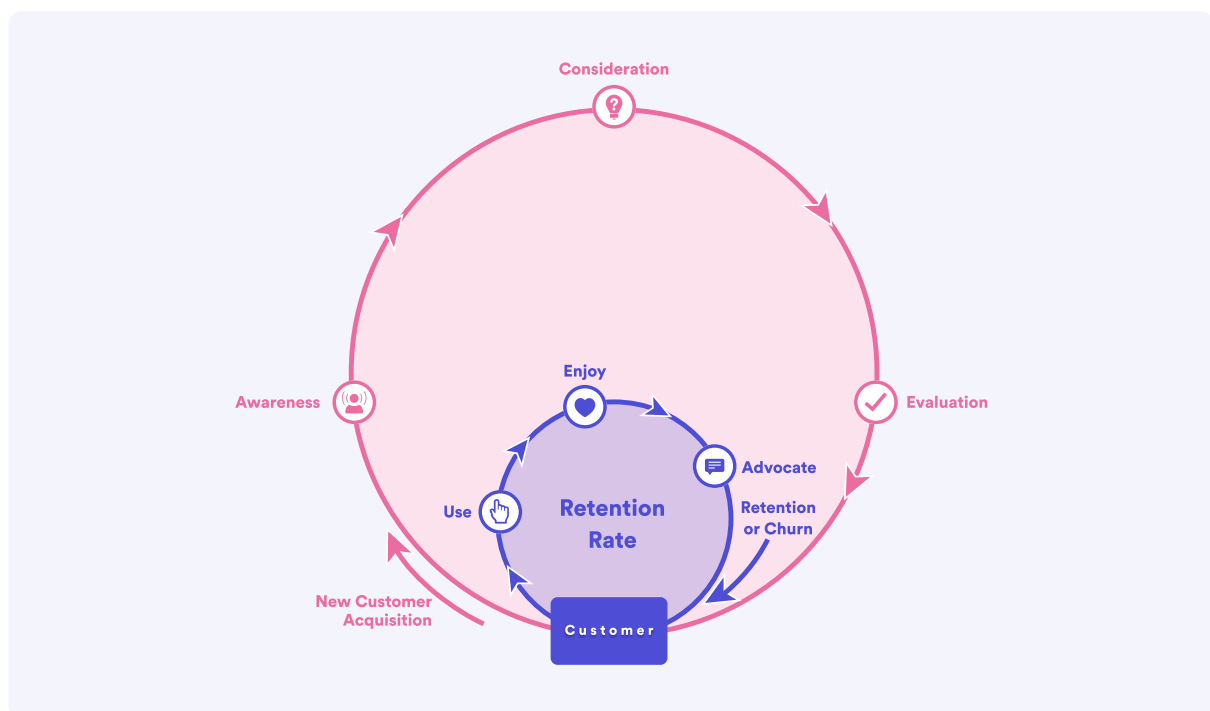
Thus, for our example:

$((500-80)/450) \times 100 = 93.3\%$ retention (This a loss of 30 active customers from the previous year, not including new customers.)

Again, the value of forming cohorts, eg, new customer cohorts, should be pointed out in this context, as they allow for a gradual analysis and a targeted examination of individual customer groups.

Where:

Since the active customer status is defined on an individual basis, the corresponding customer data required for calculation should be available in the central CRM system. As mentioned above, the key question is deciding what customers to define as active.



5 - Percentage of data available: Cookie Consent

What:

It may come as a surprise to see this KPI listed here. Yet, consider: do you actually track the percentage of customer data you have available? How many users do, in fact, provide the required opt-in consent for tracking? A state-of-the-art marketing strategy is strongly



dependent on the customers' behavioral data.

This data drives strategic decision-making for your business. So it is all the more important to know whether you have meaningful data from 70% of your users or maybe from only 20%. You, therefore, want to capture the level of consent and do so as granularly as possible and enlarge the database through consent optimization.

Why:

Whether to identify problems, optimize conversion rates, or develop your marketing performance, this metric requires the most precise mapping of your marketing funnel possible. Yet, with recent developments in data privacy, both data quantity and quality have significantly diminished. Since the GDPR legislation came into effect in 2018, websites targeting EU citizens must seek users' active consent before tracking. Tracking consent rates have decreased significantly, with a large portion of user data no longer being collected.

In addition, widely used browsers (Safari, Firefox) have continually extended tracking protection by blocking first and third-party cookies. Thus, the amount of data available is further reduced.

Google, the market leader, will follow suit in the near future. The Chrome browser will also block third-party cookies starting next year. As the number of accessible data and samples decreases, drawing conclusions about your target audience becomes increasingly tricky and adds risk when deriving appropriate actions.

With this in mind, data-based modeling and predictive analytics will become all the more relevant for future marketing efforts. Additionally, be sure to elevate the consent rate for tracking on your website. Provide transparency of information to make users feel informed, conduct A/B tests on consent banners, and implement UX optimizations: raise consent rates and raise both quantity and quality of your database.

How:

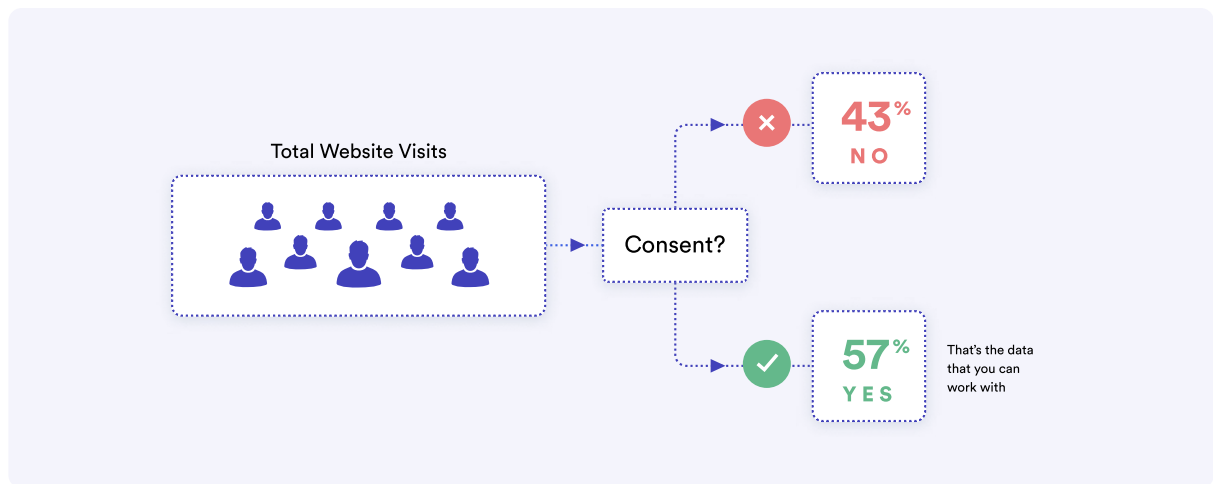
Presuming that you use pop-up banners to gain consent for tracking, you can then calculate the consent rate on this basis. And, of course, in accordance with data privacy laws, which means not already collecting any user data.

To do so, you could implement a user-independent tracking solution: for instance, host the banner yourself, measure the number of hits on your server and then compare those with the hits measured in your performance tracking to get to a ratio.

Where:

This depends on which option you choose to utilize, whether this is through a proprietary server, a consent management platform, server-side tracking, or client-side tracking.





6 - Leads, Marketing Qualified Lead (MQL), Sales Qualified Lead (SQL)

What:

The definition of each of these intermediate stages until someone becomes a paying customer is not as straightforward, as there is room for interpretation regarding the scope of each. However, the following descriptions can serve you as a guide.

A lead could be someone who signed up for a newsletter or downloaded a content piece that you have curated. This action usually lands you the user's email address which then can be used for further nurturing. A certain degree of interest was demonstrated, but that does not necessarily mean that the lead would also buy something from your company.

Requesting a demo call or starting a free trial, on the other hand, exhibits actual interest in your product or service that qualifies a user as an MQL (Marketing Qualified Lead). At this point, your sales executives usually come into play to determine whether an MQL is also considered a SQL (Sales Qualified Lead), meaning that you evaluate an MQL according to the perceived "fit" to your company. If an SQL is deemed worthwhile, the steps thereafter usually involve trying to convert the SQL into a customer.

Why:

Depending on the business case, it is not always possible to get enough customer acquisition data to adjust your marketing and sales efforts in time. In particular, B2B SaaS sales tend to have longer sales cycles. To bridge this data gap, it is helpful to break down and evaluate the intermediate lifecycle stages. By doing so, you can build an engine that helps you estimate how many leads, MQLs, or SQLs are needed to predict the number of new customers.

How:

Choose the time frame you want to analyze, and the amount of leads will be shown in your tool right away. MQLs and SQLs require your own definitions and are ideally located in a central CRM platform or in spreadsheets. Within the CRM, you can move contacts into the appropriate stage and get an absolute amount of each MQLs and SQLs displayed.



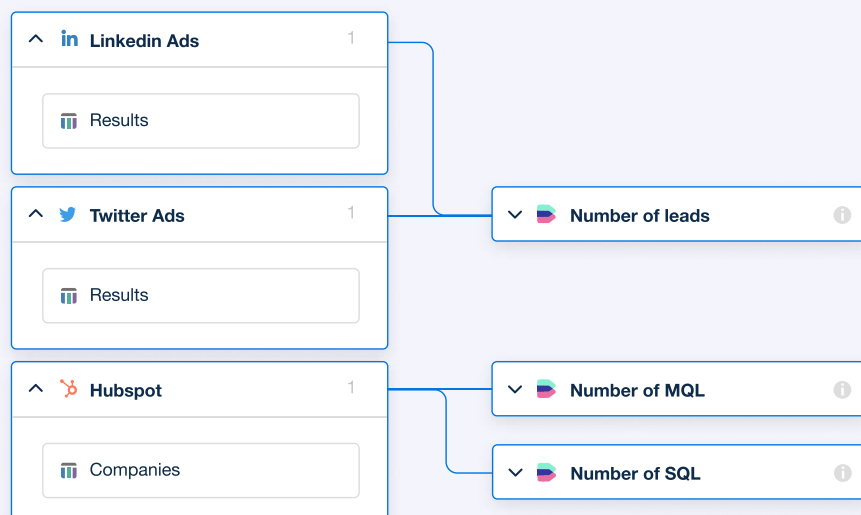
$$\text{TRAFFIC TO LEAD (\%)} = \frac{\text{\# OF LEADS}}{\text{TRAFFIC AMOUNT}} \times 100$$

$$\text{MQL TO SQL (\%)} = \frac{\text{\# OF SQLS}}{\text{\# OF MQLS}} \times 100$$

$$\text{LEAD TO CUSTOMER (\%)} = \frac{\text{\# OF CUSTOMERS}}{\text{\# OF LEADS}} \times 100$$

Where:

If you distribute ads through a marketing platform, the number of leads will be displayed natively, found in, eg, the "results"-column in Twitter Ads. You might also need to connect Google Analytics or Google Sheets to enrich your numbers, especially when leads can only be tracked through a coupon code or UTM tags. The amount of MQLs and SQLs can be found in a CRM tool like Hubspot or Zoho.



7 - Traffic-to-lead / MQL-to-SQL ratio / Lead-to-customer ratio

What:

Following leads, MQLs, and SQLs, it is now time to take a closer look at the conversion rates. When thinking of conversion rate, it is most likely associated with the ratio of when prospects become customers, as we have explained a few KPIs ago. But there is much more to it!

The names of the ratios are self-explanatory. You look at the rate of conversion from one to another stage.

Why:

The traffic-to-lead ratio shows you the rate of, for example, how many clicks your ad received and how many users ended up downloading your content or signing up for a newsletter. Though it is difficult to say what rate is considered good and bad as this wildly differs depending on industries, it still is a valuable indicator of your performance. If your traffic-to-lead ratio is much lower compared to industry benchmarks, then you might need to work on your ad copy and landing page. Ask yourself why clicks are coming in but no leads.

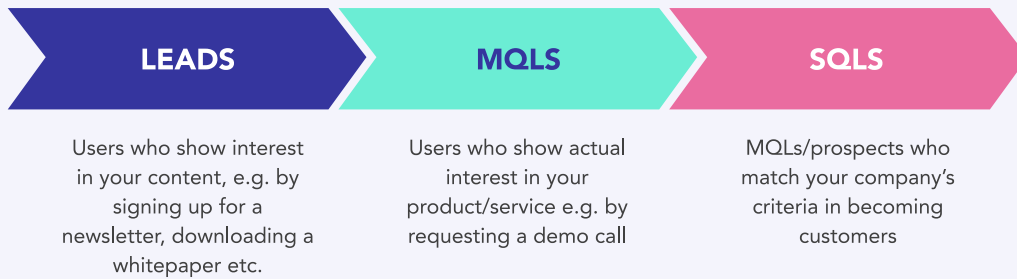
MQL-to-SQL ratio is based on the same logic. If sales don't deem the incoming MQLs as qualified, are you spending too much time and effort on attracting the wrong audience? Knowing the conversion rates of each intermediate goal can help you navigate your marketing and sales efforts. More MQLs do not necessarily equal more opportunities, especially if you have to allocate your sales resources efficiently. Pre-occupying sales executives with poorer prospects won't drive value.

Catering to lower funnel efforts is, most of the time, a no-brainer; the more interesting question to answer is whether generating leads will pay off in the long run. The lead-to-customer ratio is, therefore, a vital metric that should not be overlooked.

How:

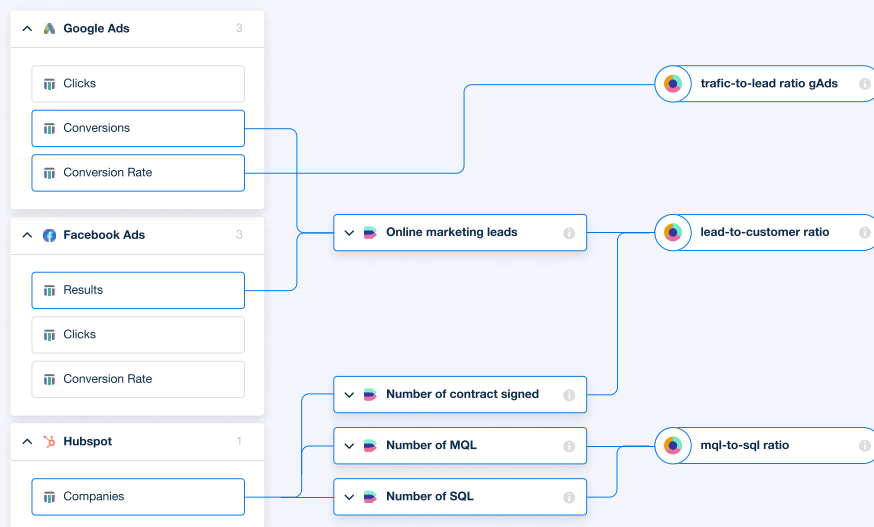
Plug in the amount of the stage that is closer to becoming a customer and divide it by the amount of an earlier stage. Be aware of sourcing the metrics from the same time range, though.





Where:

Traffic (often equating clicks in ad campaigns) and leads must be extracted from each marketing channel, eg, from Facebook Ads. You also need the number of MQLs and SQLs that are located in a CRM tool like Hubspot. For the Lead-to-Customer ratio, you want to merge all leads across marketing channels and blend the sum with the number of customers stored in your CRM, which you can find under the "deal stage" in the case of Hubspot.



8 - Customer Acquisition Cost

What:

Customer acquisition cost, also known as CAC, is one of the metrics that should be in every marketer's repertoire as it tells you how much money was spent to acquire one customer.

Why:

Understanding metrics around the health of your growth is vital. A target cost per acquisition helps evaluate whether or not your efforts are sustainable.

How:

There is no single right way to compute CAC, as it depends on what output is wanted. You can break down the number of acquisitions on a tool level to assess the performance of a particular discipline or combine the sum of new customers across marketing and sales to get an overall KPI. Either way, CAC by itself is inconclusive. CAC of \$10 for an e-commerce shop with an average basket size of \$15 is poor when compared to a CAC of the same amount but for a B2B SaaS business that provides an HR tool averaging an exponentially larger deal size.

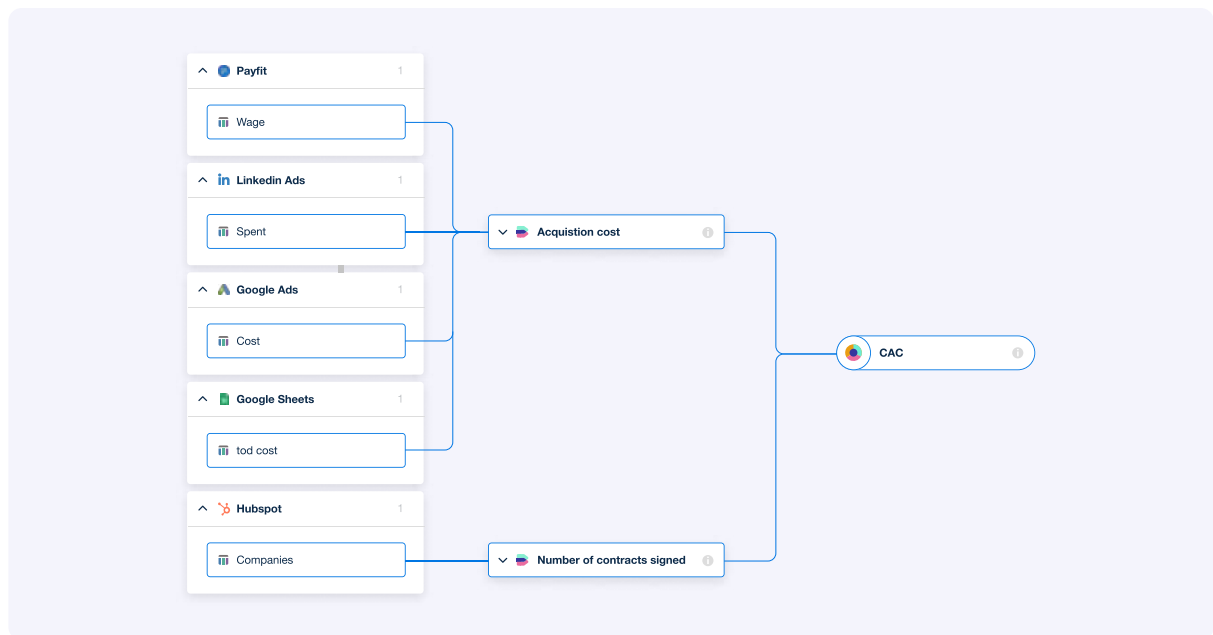
Choose the time range you wish to analyze, take all costs and divide them by the number of acquired customers.

$$\text{CAC} = \frac{\text{ACQUISITION COSTS}}{\text{\# OF ACQUISITIONS}}$$

Where:

The cost of your marketing and sales teams, ad spend, and all additional expenses that occurred due to the production of materials to support your growth efforts go into CAC. Each of these data points is located in different tools. To get information on the salary, you need to connect your company's financials. Adspend has to be sourced from every single marketing channel, such as from the "cost"-column in Google Ads, and additional costs are, for example, all invoices from yet another tool that keeps track of your spendings (e.g., Spendesk). Your CRM gives you the number of acquisitions which are your customers.





9 - Customer Lifetime Value

What:

Another critical metric that belongs to our “growth” category is Customer Lifetime Value (or CLV), which helps you understand the profitability of your business.

Why:

Knowing how much profit a single customer will bring in on average throughout the customer lifetime, allows you to compute the maximum acquisition cost, which helps you evaluate your CAC.

How:

There are several ways to calculate the CLV; we’ll use a SaaS business model as an example. Customers often enter into a contract with the business for a certain amount of time with recurring monthly payments (MRR). Given the straightforward nature of revenue and time, the CLV follows a simple formula:

$$\text{CLV} = \text{MRR} \times \text{LIFETIME}$$

(IN MONTHS)



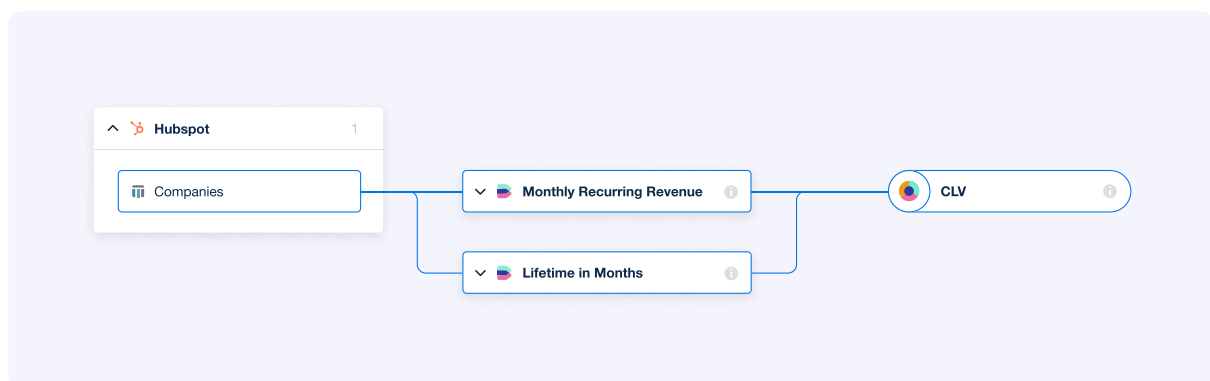
A more complex example suited for businesses that have smaller, varied payment amounts could be:

$$\text{CLV} = (\text{AVG. BASKET SIZE} \times \text{REPURCHASE RATE}) \times \text{LIFETIME} - \text{CAC}$$

This calculation considers the average basket size and repurchase rate to determine the monetary value that a customer will bring in over his or her lifetime, with acquisition costs being deducted.

Where:

MRR equals the monthly payments by a client; you can pull this information from your CRM as the amount is specified in “deals” (like in Hubspot). The length of your contract is a good indicator for the customer’s lifetime, which can either be found in your CRM or has to be pulled manually from another platform that stores this kind of contract information.



10 - Cost per Lead / Cost per Sale (MQL, SQL)

What:

Cost per Lead (or CPL) tells you how much money you had to invest in acquiring a lead, usually only accounting for ad spend and not including additional costs as in CAC calculations. The same logic also applies to the other cost per-metrics.

Why:

The average cost of generating a lead, MQL, or SQL gives you a trend in your KPI performance. An example that illustrates this use case is the longer sales cycle and lower availability of data in B2B SaaS businesses. Exploding costs are not immediately apparent if you only look at the cost per sale. Still, by tracking the average acquisition costs of the



other stages, you will quickly realize if you're on the right track or if campaigns or processes along the way need to be fixed.

How:

A one-dimensional approach is to take the ad spend of a specific channel, e.g., Google Ads, and divide it by the number of leads (or sales) from the same time frame. These metrics are often even pre-set as KPIs. But computing an average across channels requires some additional effort as you have to go into each tool, pull the relevant data and then take the sum of all ad spends to divide it by all leads.

The formula is as follows:

$$\text{COST PER LEAD} = \frac{\text{AD SPEND}}{\text{\# OF LEADS}}$$

This looks easy so far but calculating the cost per MQL or SQL is where it gets tricky. For one, you need to extract even more data sources since the number of MQLs and SQLs are usually stored in a CRM platform. For another, you cannot use the same time range if you want to do marketing attribution correctly.

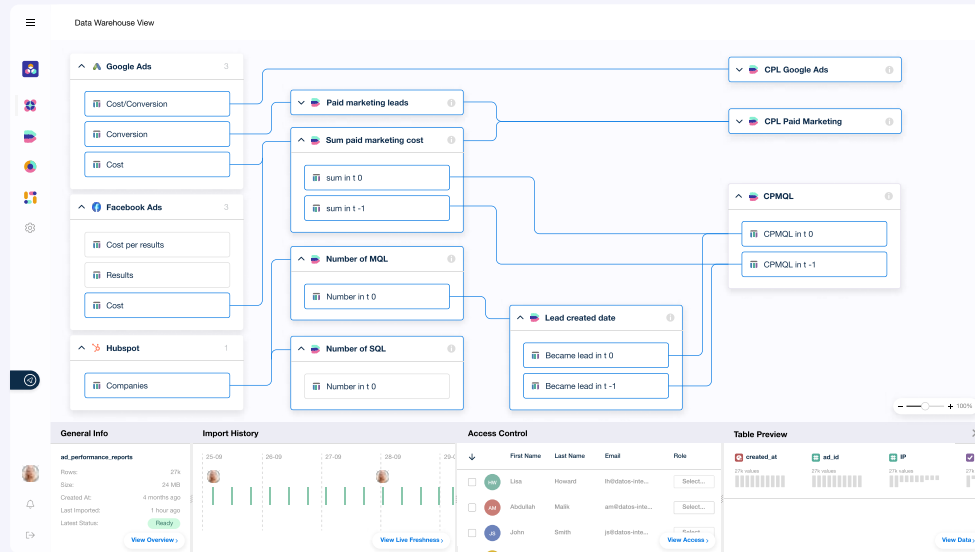
An example of this dilemma is a lead is generated in January and turned into a Marketing Qualified Lead in February. If you're going with a first touch attribution model, it will not make sense to take February's ad spend to determine the cost per MQL. (There's always the possibility that some marketing efforts from February influenced the conversion to MQL, but what you really want to know is at what date the first touchpoint happened that nudged someone into becoming a lead of yours.) In this specific case, you would have to use your ad spend only from January as the base of your calculations. The same goes for cost per SQL. Gathering all relevant data from multiple sources can be a pain but is most likely doable if the amount of data is limited. But taking attribution into account is a complex task since you have to access and merge data from different time periods.

Where:

Cost per Lead and Cost per Sale are often found in a marketing platform's native analytics environment, such as LinkedIn Ads, though titled differently as Cost per Result.

In the case you want to get the perspective across all channels and efforts, you need to integrate all expenses spent on campaigns given a specific time frame, eg, from the "spent"-column in LinkedIn Ads and invoices for cooperations via your spend management platform. The number of MQLs and SQLs are in your CRM tool. Pulling these together will yield the result.





KPI Takeaway

These top picks are vital regardless of whether you are new to using KPIs within your marketing or you have a fully-fledged data-driven marketing strategy set in place already. The most critical takeaway here is to always look for ways to improve the quality of your KPIs and how they can help you make smarter decisions.



We hope that we managed to give you some food for thought on how datasets from different platforms can be leveraged in new and innovative ways.

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