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Performance Marketing: 4 Key Metrics For Brands



PERFORMANCE MARKETING: 4 KEY METRICS FOR BRANDS

As Internet and mobile phone usage increases, so does the pressure on brands to successfully advertise to potential customers through digital channels.

According to Forrester Research, U.S. online display ad spending will increase 90% from just \$19.8 billion in 2014 to \$37.6 billion in 2019. One of the largest challenges brands face as spending increases is properly tracking and measuring the results of that spending.

While there are many datapoints that brands can track, there are four key performance marketing metrics that are essential in determining how campaigns are performing, how digital marketing spend can be optimized, and the overall success or failure of a brand's digital marketing efforts.

Earnings Per Click (EPC)

One of the most important metrics brands can track is earnings per click, or EPC. This figure is determined by dividing commissions, or potential commission, by the amount of traffic, or number of clicks, driven to a site. EPC is so important because it provides a quick and easy way to determine the earning potential of referring traffic to a site, or set of offers. By comparing EPC's for different brand sites or offers, affiliates can easily see the profitability of driving traffic to those sites or offers.

Benefit: As long as affiliates know their cost per click, or the cost they incur when driving a click to a brand's site, they can compare that number to the EPC they are earning and instantly see profit or loss.

Conversions

Another key metric in determining the value of performance marketing efforts is the conversion rate, which is the percentage of total traffic that is converting. Banner ads can be displayed and traffic can be driven to sites all day long. However, if that traffic is not making the desired action, brands won't be making sales and, therefore, affiliates won't be earning commissions.

In addition to tracking the conversion rate, it is also important to track which channels are driving conversions. By the time a potential consumer converts, they have likely come in contact with multiple digital advertising channels – search, display, email, social, mobile, etc. Knowing the combination of channels that have led to conversions is critical for brands when determining which channels to continue funding and which to eliminate. Yet, when it comes time to determine the ROI of spending on those channels, brands too often rely on crediting just the last channel to touch the consumer. In reality, that credit should be spread across multiple channels.

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Benefit: By tracking and comparing conversion rates across channels, brands can see which are converting at the highest rates, allowing them to adjust the methods they use to drive traffic to those channels accordingly.

Clicks and Impressions

Tracking and analyzing clicks and impressions are an important benchmark in measuring the success of performance marketing as well. The volume of impressions indicates the number of times that an ad has appeared on screen in front of potential customers. The click-thru rate lets brands know the number of times that potential customers have clicked on those impressions.

Benefit: Impressions can show the effectiveness of a brand awareness campaign while click-thru rates can show how effectively ad creative and messaging is getting viewers to take the next step towards the desired outcome.

Engagement

Tracking deeper than just the final sale or conversion can give brands insight into how consumers interact with ads and digital assets. Rather than just tracking actual conversions, brands can greatly benefit from tracking log-ins, app downloads, page views and shopping cart abandonment. This will give a more accurate depiction of customer behavior.

Benefit: Tracking engagement shows which digital assets are performing and leading to conversions and which are not.

Bringing It All Together

Each of these four metrics is critical in measuring the performance of the actions brands are taking to drive traffic and reach conversions. These four metrics must each be weighed against the cost that is incurred in obtaining conversions to determine profitability. Therefore, having a clear understanding of the exact cost involved in reaching conversions is the only way to properly determine the return on investment of a brand's performance marketing efforts.

Display ad spending will nearly double in the next five years. Therefore, brands are not only going to have to increase the amount they are spending, but justify that spend by reporting back on the ROI of their digital marketing efforts. This reporting is only possible through tracking key metrics, providing a roadmap for optimizing digital marketing spend.