

Web Analytics Strategy

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Web Analytics Strategy

Today, your web site needs to be like any other business expense; accountable. It doesn't matter if your site is intended for ecommerce, government, non-profit or media, all sites need to have their funding justified. Web sites have become critical forums for engaging internal staff members, customers, constituents, and for attracting new business partners. Budgets for site development continue to increase to serve the diverse needs of organizations. But are they fulfilling their objectives and do they always deliver value? And how should they be judged?

Measures, which illustrate visitor behaviour and traffic volumes, are *not indicators of web site success*. Reports showing page views, most popular pages and visitor traffic don't inform whether a site is performing well or not. That a site has more visitors from one month to the next does not suggest that it is 'working'. No organization (with the possible exception of media firms) should fundamentally care if page views and visitor numbers increase. This is a sure sign that visitor acquisition is working but not that your site is. Instead, you need to measure if visitors are interacting with your site and navigating or performing the tasks that are in *your* best interest. If an ecommerce site doubles visitor traffic but does not increase sales, it would be viewed as a failure. Conversion of visitors to buyers is key. Similarly, if a self-service web site brought more visitors to the site, but fewer people downloaded service patches or support documents, the site could not be viewed as a success.

Focusing on conversions is the key to success. Conversions are much more than just tracking successful shopping cart check-outs. Furthermore, conversions extend to all web sites and numerous non-commerce activities such as:

- filling in a form
- downloading a document
- signing up for an event
- registering for a newsletter
- responding to an email campaign
- purchasing goods or services (offline as well as online)
- consuming key content (measured by how long visitors spend on a specific page)
- set up My Account
- view a video
- update profile
- Post link-back
- View blog entry
- Rate article on external service forward to a friend
- make a payment
- Etc!!

However, it's still not enough to simply measure the number of conversions. We have to somehow compare or relate the conversion counts to something else. The best way to accomplish this is to use Key Performance Indicators (KPIs) which are values that describe ratios, percentages, rates, or averages. Well-designed KPIs should immediately inform how your site and organization is performing against its goals. Instead of searching through verbose, untargeted reports, you can review simple, easily interpreted values to understand how your web site is performing. One consideration to keep in mind is that many KPIs are calculated from measures pulled from multiple web analytics reports and other line

of business data silos. As a result, the natural place for KPIs is in dashboards that are customized for specific audiences and automatically update.

Naturally KPIs can only indicate success or failure as web content changes. Which changes drive visitors to desirable activities? Furthermore, are there different versions of the same change that achieve a better result? Site optimization, by way of A/B or multivariate testing, gives marketers the necessary insight to continually improve online content and offers making them more directly relevant to customers. The more relevant your offers are to individual customers the less they feel like “one of the masses”, thus yielding greater conversions.

The following sections provide more detail on the web analytics strategy we recommend.

Web Analytics Governance

Proper web analytics governance ensures that each department's reporting needs are understood, prioritized, and delivered as completely as possible. Enterprise standards are put in place to ensure consistent, timely reporting, aligned directly with requirements. The best approach for implementing governance is to train on the overall concepts and models of governance, then choose the most appropriate governance model.

The three basic models are Centralized, Decentralized, and Federated. Internal resources will be identified; duties, along with their relative frequency, itemized; and a schedule of deliverables will be assembled. This process will include participation from all key stakeholders; web analytics end-users and administrators, information technology (IT), marketing, and senior management.

Set Web Site Goals and Objectives

All web sites can be categorized as having one of two very general objectives; either to *make money* or to *save money*. Sites which make money are not only those which have shopping carts. Rather, any site involved in the promotion of products or services have as their underlying purpose increasing brand awareness and encouraging purchases online or offline.

Sites which attempt to make money include:

- lead generation
- brand awareness
- eCommerce
- Social networking
- Entertainment

Conversely, sites which attempt to save money are those which encourage self-service. For example, it decreases corporate costs when web visitors successfully download a document, register for assistance, or fill in an online form rather than contacting a toll-free number. Imagine the additional cost if those same visitors called in and performed the same actions.

Sites which attempt to save money include:

- Customer education
- Self-service
- Customer service
- Informational
- Intranet

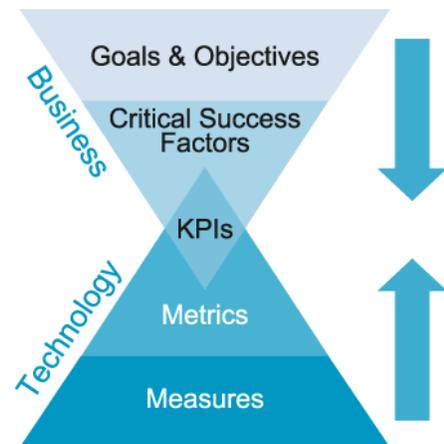
Understanding the objective of your site allows you to construct and establish key performance indicators you *need* to track. Studying hundreds of raw web analytics reports is meaningless.

Identify Key Performance Indicators Up Front

Determining KPIs and calculating them is not always easy and obvious. The KPI Paradigm® offers a methodology for identifying persons, departments, and information sources for creating and supporting KPIs. The resulting well-designed KPIs provide feedback that directly drives toward business goals.

KPIs are part of a business structure of decision making and are decided upon from the top down. Corporate and web site business goals and objectives need to be determined first, which in turn drive the Critical Success Factors (CSF) that should be set. From the CSFs we can determine what the KPIs should be.

After deciding the KPIs it is necessary to calculate those KPIs. To do that you need to start from the bottom and work upwards from raw measures, including such things as web analytics reports, internal call center figures, online and offline sales, and other enterprise data. Measures in turn combine into metrics, or relationships between numbers. Some of these metrics are your keys to measuring the success of your goals; these are your KPIs.



Plan Visitor Segmentation ASAP

One of the most critical activities you can perform with your web analytics data is to implement visitor segmentation, which is the process of assigning visitors to logical groups. Many web analytic platforms provide some out-of-the-box segments, such as “new versus returning visitors” or “buyers versus non-buyers”. These are great places to start, but there are mountains of data just waiting to be broken down into much smaller bites.

Behaviour Segments

You can create visitor segments purely based on web activity behaviour, such as “visitors using on site search” and “visitors not using on site search”, or “direct access visitors” versus “visitors arriving from search engines”. Even more powerful segments for your visitors can be created when you combine visitor-supplied demographics with web analytics data. When your visitors register for an account, or you collect demographics during on site transactions such as registering for newsletters, you can combine this information with their on site activity.

Demographic Segments

Perhaps you ask basic demographic questions like “age”, “highest education level achieved”, “household income”, “gender”, or “marital status”. You may need to incentivize visitors to collect this information. Many websites use this approach. When is the last time you filled out a few personal questions in order to access a very useful white paper? This is a good example of providing an incentive to provide personal information.

Utilization Segments

How do visitors that have used the “rate the article” feature differ from those that do not? And how do visitors who use the “forward to a friend” feature behave differently than those that don’t? Perhaps breaking visitors down by those that provide personal information and those that do not will provide useful information.

Engagement Segments

Yet another area for demographics is engagement segments. Depending on your website purpose, break down visitors into number of average pages consumed per visit, or average length of visit. Recency, frequency, latency are all excellent as pieces of the “how engaged are my visitors” question. For example, break down visitors into the following groups:

- Visitors that have returned within the last two weeks
- Visitors that have returned within the last month
- Visitors that have not returned within the last six months

Cross-Relating Segments

Behaviour, demographic, and utilization segments provide powerful insight. These visitor segments are all useful in and of themselves. Now consider cross-relating these visitor segments. For example, how do “35-40 year old, females that use the ‘forward to a friend’ feature and have visited in the last month” compare to the same criteria, but are male? Do you have better responses to e-mail campaigns in college students, but flashy, animated banner ads perform better for seniors?

Don’t try to send the same marketing message to all of your visitors. The last thing any visitor wants is to feel like one of the masses. Odds are very good that an opportunity is lost, and a negative opinion formed, when you try to sell helicopter skiing vacations via e-mail to your elderly pensioners. Visitor segmentation can quickly grow from the basic, out-of-the-box segments to extensive and highly defined segments. Plan for segmentation early and start with the easiest segments to identify and collect. As your visitor intelligence increases so will the complexity of your segments. Get started early.

Automate and Integrate Marketing Processes

Integrating and connecting disparate marketing tools will improve collection and assembly of campaign results. This significantly enhances campaign performance and insight on how those marketing campaigns are performing, and identifies those that are achieving optimal results. Integrations can include e-mail, Customer Relationship Management (CRM), line of business databases, off-line purchase repositories, phone systems, and web analytics. Well-designed integrations enable 1:1 marketing to facilitate a better understanding of individual touch-points and how visitor segments are performing.

E-Mail Marketing

One of the easiest undertakings by many organizations is the integration between opt-in e-mail and web analytics platforms. There are several benefits to achieve from integrating web analytics and e-mail marketing. The first is the automation of tracking codes within the e-mail that feed back into web analytics for measuring effectiveness. A completely manual system for generating these tracking codes introduces the likelihood of errors and omissions and can add substantial overhead to the e-mail marketing process.

Another benefit of integrating e-mail marketing and web analytics is the full cycle performance of e-mail marketing. E-mail marketing packages can deliver information on number of e-mails sent, who opened

them, how many bounced, and how many clicked through to the site, but they cannot provide information on how many visitors completed desirable actions once they were on the site (i.e., conversions). A well-integrated web analytics and e-mail marketing system can tell you: which customers received the e-mail, which opened it, which clicked through, which completed purchases, lifetime value of those customers, and which should be targeted for re-marketing.

Customer Relationship Management

Web analytics is regularly integrated with customer relationship management (CRM) software. The benefit of integrating web analytics and CRM is two-fold. The first benefit is the automatic population of new visitors and existing visitor's activity information into the CRM system. This requires less work and results in more reliability in the data that arrives in the CRM. More accurate and reliable CRM data allows for better marketing to customers and better decision making as visitor behaviour changes.

The second benefit of CRM integration is the use of CRM information in segmenting web analytics data. In many cases CRM systems contain more individually identifiable information, for example age, marital status, household income, family status, etc. Retaining detailed information such as this in raw format in a web analytics platform is unwieldy and inadvisable. However, pulling in personal demographic information as needed and combining it with web analytics metrics is extremely valuable.

For example, breaking down web analytics activity by age is one of the first demographic-based segments many companies execute. Any type of personal demographic is useful in sub-dividing web analytics data and identifying trends and patterns. This is better known as visitor segmentation. Knowing specifics on commonalities between visitors allows companies to target their marketing message for optimal impact and relevance to the customer.

Telephone-Based Systems

One integration to consider that many companies don't know about is the relationship between the online web presence and your phone centers. There are two benefits to tracking web to phone rollover activity. The first benefit relates to cost control and the second to sales attribution.

The first benefit relates to cost control. Identifying key pages on the site that result in customer service or technical support calls is a critical activity for any organization. Once identified the pages can be modified, expanded, or fixed to reduce visitors driven to use phone support. This crossing of visitors from web-based to phone-based support is known as "churn" and is a very cost ineffective situation for any organization.

The second benefit is sales attribution. Attribution is the process of assigning proportional credit of online behaviour with all of the activities that contributed to it. For example, assigning credit to the website even though a sale completes via the phone. Correctly identifying key words or other campaign activity which brought visitors to your site and resulted in conversion via phone is critical in more accurately determining where marketing spend should be allocated.

The goal of correctly attributing online and offline sales is to facilitate better decision making on the part of the marketing team. Without attribution in place some marketing activities may be ended when they are actually quite effective in driving sales.

1:1 marketing

Accumulating metrics on overall visitor activity can be valuable, but understanding how individual visitors are interacting with your site and services is vital. This can enable you to access deep, per-visitor information which is likely already part of your web analytics repositories. You can extract a wide variety of information about *individual visitors* such as:

- Pages and content groups of interest
- Visit history (visits, total time visiting the site, last visit, hits)
- Customer segmentation (simple and advanced)
- Where the visitor came from (initial referrer, first URL on your site, and date and time of their first visit)
- Search engine information (organic and paid search, most recent search information, and search information on their initial visit to you)
- Initial campaign that brought them to you
- Most recent campaign they accessed
- Overall purchase information (total purchase count, lifetime value, invoice/transaction numbers)
- Purchase history (first and most recent purchase date and time)

Customer Motivation & Incentives

Understanding what visitors are trying to accomplish on a site appears to be an easy thing to accomplish; however it is frequently very elusive. Furthermore, once customer motivation is understood, and their actions directed to the appropriate place, they may still need a “push” to complete the transaction.

Interpreting customer motivation can be projected based on various actions on their part, but a more accurate means of learning customer motivation arises in the form of “Voice of Customer” (VOC) solicitation. Many organizations implement surveys as a means of gathering this information. There are some incredibly basic questions that can be asked that will provide significant insight, such as:

- “Why were you here today?” (frequently accompanied by a list of expected motivators along with a fill-in “other” option)
- “Were you successful in completing your objective?”
- “How would you rate your experience with our site?”
- “What was most helpful during your visit today?”

Once you understand the motivation of visitors you may still need to provide some incentive to get them to complete the transaction. What incentives should you offer? Are all incentives equally motivating for everyone? Who should you reserve the “Cadillac” incentives for?

These questions are most frequently answered by using information from lead scoring. Lead scoring is a method of assigning points to each prospect you come across. Points are based on the desirability of varying actions on the part of the visitor. Some examples of activities to include in lead scoring:

- doing research on a particular product
- executing a “compare products” activity between two different products
- downloading white papers on products
- requesting trials

- providing contact information for follow-up contact

Depending on the specific needs, a lead scoring system will start with some basic activities and then refine the scoring system as lessons are learned. The resulting lead scoring system will provide information like “visitor X is highly valuable and on a short path to sales completion”. With this information you might choose to offer a “Cadillac” incentive to get them to complete the transaction.

Analytics-Based Content Serving

Previously mentioned in this document is the importance of visitor segmentation. Creating, maintaining, and refining visitor segments are key activities for any organization that engages in marketing. Great effort and forethought should be put into visitor segments. Starting with some basic segments, such as demographic-based segments, is a good approach.

Examples based on personal demographics were mentioned previously. Additional examples include segmenting based on which products customers have viewed, how many times they’ve been to the site, how recently they’ve visited, their lifetime value, etc. Once segments are identified and implemented the visitor experience can be customized specifically to their needs.

For example:

- A visitor identifies themselves as being in college (either through the website, or via CRM-integrated information)
- A quick request from Webtrends indicates the majority of college attendees that viewed product ABC ended up purchasing product XYZ
- Based on this information an onsite ad is displayed for product XYZ with a discount applied (based on lead score) to incentivize the visitor to view that product and purchase it

Another example of segmentation relates to organizational stability. The segment might be labeled “Organization Stability Score”. The preferred type of organization, or highest score, in this category might be a blue chip company. Assigning certain visitors as representatives of an organization that has a blue chip stability score might receive contact information for a senior sales contact, as opposed to someone with an “unknown” score, which might receive an automated “welcome” e-mail instead.

Visit Optimization

Online consumers today have constantly evolving needs and expect relevant, even personalized content from the wide variety of sites and content sources they can choose from. To engage an online audience, it is critical that you quickly identify which offers and content are relevant and compelling to your audiences. Armed with this knowledge, you need the capability to continually evolve their sites and to target the appropriate content to different audiences.

A/B and multivariate testing is an excellent way to quickly and continually measure effectiveness and relevance of content across any online channels and increase content relevance through segmentation, targeting and automated personalization.

Integrated Systems Reporting

Reporting on data from various systems is not generally possible within a single web analytics tool. When assembling data from multiple systems it is often necessary to correlate this data outside of the web analytics package. In essence your web analytics product becomes a data provider, instead of the

end-point for reporting on web activity. If there are no formal enterprise reporting systems in place, requirements reporting can be done using customized dashboards designed specifically for integrating web analytics packages with other data repositories.

Summary

Web site success cannot be determined by simply looking at web analytics reports. Those values need to be further analyzed as KPIs and integrated into dashboards for greater insight. Equally important is looking beyond simple measures such as page views and visitor traffic and instead considering the purpose of the web site and what its objective is. That will encourage the evaluation of conversions as an indication of how engaged visitors are and if they are navigating and behaving the way you expect. Integrating web analytics with other data silos will illustrate full 1:1 marketing performance.