

# Best Practices in Analytics

## Tools and Methodologies for Actionable Insight

insight

By Jacques Nadeau, Senior Strategist | December 2004



As more American consumers move online, they increasingly rely upon the online channel for much – if not all – of their interaction with retailers and service providers. Today's traveler may easily find himself safely tucked into his coveted exit row, aisle seat 12C on the non-stop to Chicago without ever having spoken to an airline representative. No travel agency visits, no call center queues, he is capable of conducting all of his business with the airline from his desktop. He in fact became aware of the special rates to Chicago when he was purchasing luggage online, completed his ticket transaction online, made changes to the ticket when last minute plans arose, and applied for a mileage award program online as well.

### Mapping To the Customer Experience Journey

What did the online channel just do for the airline? In this scenario, it **attracted** with the luggage site banner ad, **converted** the customer allowing him to complete his transaction online, **supported** him by allowing him to make changes to the ticket online, and successfully won his **loyalty** by encouraging him to sign up for a frequent flyer program.

Today the online channel supports every phase of the Customer Experience Journey and can easily be the only place your customer experiences your brand. As you attract, convert, support, and make loyal your customers, the more you know about them, the more you analyze their behavior at each phase of their relationship with you, the more power you will have to optimize their experience and increase their life-time value as a customer.

This data gathering, analysis, and optimization process is the foundation of any strong analytics practice. The better your practice is mapped to every part of the Customer Experience Journey the more likely you will enjoy the full measure of benefit offered by analytical insight.

### Mapping to the Business Goals

Taken yet another step, the real value of a rigorous analytics practice is in how well it maps to the organization's overall business goals. Taken in isolation, any metric can at first glance appear positive. A recent media campaign results in a five fold increase in page hits, for instance – is it time to celebrate? Take a look at improvements in your revenue and margins before popping open the Dom Perignon. Of what value is an astronomical number of page hits when your conversion rates are so low that revenue goals are not met?

## Analytics Mapped to the Customer Experience Journey and Organizational Business Goals

	Attract	Convert	Support	Extend		
	Awareness	Interest	Transaction	Cross-sell Up-sell	Support	Loyalty
<b>Web</b>	<ul style="list-style-type: none"> <li>Visitors</li> <li>Page Hits</li> </ul>	<ul style="list-style-type: none"> <li>Registration</li> <li>Visit duration</li> </ul>	<ul style="list-style-type: none"> <li>Cart abandonment</li> <li>Conversion %</li> </ul>	<ul style="list-style-type: none"> <li>Items / order</li> <li>Ave. order</li> </ul>	<ul style="list-style-type: none"> <li>Items / order</li> </ul>	<ul style="list-style-type: none"> <li>% Referrals</li> </ul>
<b>Email</b>	<ul style="list-style-type: none"> <li>Open rate</li> <li>Click throughs</li> </ul>	<ul style="list-style-type: none"> <li>Click throughs</li> </ul>				<ul style="list-style-type: none"> <li>Opt-ins</li> </ul>
<b>Business Metrics</b>	<ul style="list-style-type: none"> <li>Cost / Acquisition</li> <li># Registrations</li> </ul>	<ul style="list-style-type: none"> <li>Conversion ratio</li> <li>Ave order value</li> <li>Direct Margin</li> </ul>	<ul style="list-style-type: none"> <li>Conversions</li> <li>Ave order</li> <li>Direct Margin</li> </ul>	<ul style="list-style-type: none"> <li># Repeat customers</li> <li>% Repeat revenue</li> <li>Alt. channel purchase %</li> <li>Loyalty program costs</li> </ul>		
<b>ROI</b>	<b>Cost to Acquire</b>	<b>Revenue, Margin</b>	<b>Cost to Serve</b>	<b>Cost to Retain</b>		

### The Analytics Lifecycle

Mapping your analytics practice to the Customer Experience Journey as well as your organizational business goals will ensure that the right data is being analyzed at the right time. The question then becomes, which tools and methodologies should be used for rigorous and insightful data capture and analysis.

To ensure that your analytics practice produces measurable impact, there is a sophisticated array of such tools and methodologies that must be applied throughout the entire analytics lifecycle, extending from technology selection to reporting design to optimization strategy. Many organizations have one or two well-honed tools in their analytics toolbox, but rarely do they possess the inventory of tools and methodologies necessary to produce deep, actionable analytical insight throughout the entire analytics lifecycle.



The following table further describes the analytics tools and methodologies Avenue A | Razorfish recommends for best practices in analytics:

<b>Best Practice Analytics Tools and Methodologies</b>	
<b>Report Architecture</b>	<ul style="list-style-type: none"> <li>• Identification and prioritization of a report suite aligned with business needs</li> <li>• Report source, frequency and distribution strategy</li> </ul>
<b>Report Design</b>	<ul style="list-style-type: none"> <li>• Design of specific report structure and format based on client requirements and report consumption insight</li> </ul>
<b>Data Capture Strategy</b>	<ul style="list-style-type: none"> <li>• Data point selection, acquisition and integration strategy (what &amp; how to collect)</li> <li>• Analytic operations, privacy issues and organization design</li> </ul>
<b>Survey Design</b>	<ul style="list-style-type: none"> <li>• Design of a single report structure or report suite based on client requirements</li> <li>• Includes data display design, number formats, ordering and prioritization</li> </ul>
<b>Tool Training and Adoption Support</b>	<ul style="list-style-type: none"> <li>• Education on analytics intricacies and interface capabilities</li> <li>• Planning around implementation and adoption coordination</li> </ul>
<b>Application Selection</b>	<ul style="list-style-type: none"> <li>• Identification of analytics requirements</li> <li>• Vendor evaluation and selection</li> </ul>
<b>Analytic Platform Implementation</b>	<ul style="list-style-type: none"> <li>• Tagging advice, creation and implementation</li> <li>• Integration planning</li> </ul>
<b>Analytics Platform Customization</b>	<ul style="list-style-type: none"> <li>• Application configuration to meet client needs</li> </ul>
<b>Outsourced Web Marketing Data Warehouse</b>	<ul style="list-style-type: none"> <li>• Collection and integration of web marketing data through beacons, log files and/or integration of 3rd party data sources such as paid search and email marketing</li> </ul>
<b>Site Audit</b>	<ul style="list-style-type: none"> <li>• Usage analysis snapshot of client's existing online channels</li> <li>• Improvement recommendations</li> </ul>
<b>Pre-Post Analysis</b>	<ul style="list-style-type: none"> <li>• Site analysis and recommendations for design improvements</li> <li>• Before-and-after analyses of the impact on key customer experience metrics</li> </ul>
<b>Focused Investigation</b>	<ul style="list-style-type: none"> <li>• Detailed ad-hoc analysis to drill into the effectiveness of specific content or campaign</li> <li>• Improvement recommendations</li> </ul>
<b>Ongoing Performance Monitoring</b>	<ul style="list-style-type: none"> <li>• Recurring (monthly/quarterly) reports and analysis delivered based on metrics designed during an Analytics Strategy engagement</li> </ul>
<b>Promotion / Campaign</b>	<ul style="list-style-type: none"> <li>• End-to-end analytics services that encompass all aspects of related analytics from conception through design, live reporting and post-analysis</li> </ul>
<b>Survey Analysis</b>	

## Samsung Case Study: Improving a Campaign through Continuous Optimization

Samsung came to Avenue A | Razorfish for expertise in creating a marketing program to help increase brand awareness and improve brand perception. Although their products were considered cutting-edge, Samsung's brand was still considered a tier two brand in the consumer electronics space.

Avenue A | Razorfish delivered Samsung's 24 Hour Street, a sophisticated promotional program that used a series of attractive sweepstakes offers to engage and re-engage customers over a 4 month period. Four, month-long sweepstakes and one umbrella sweepstakes were promoted across multiple online and offline media channels.



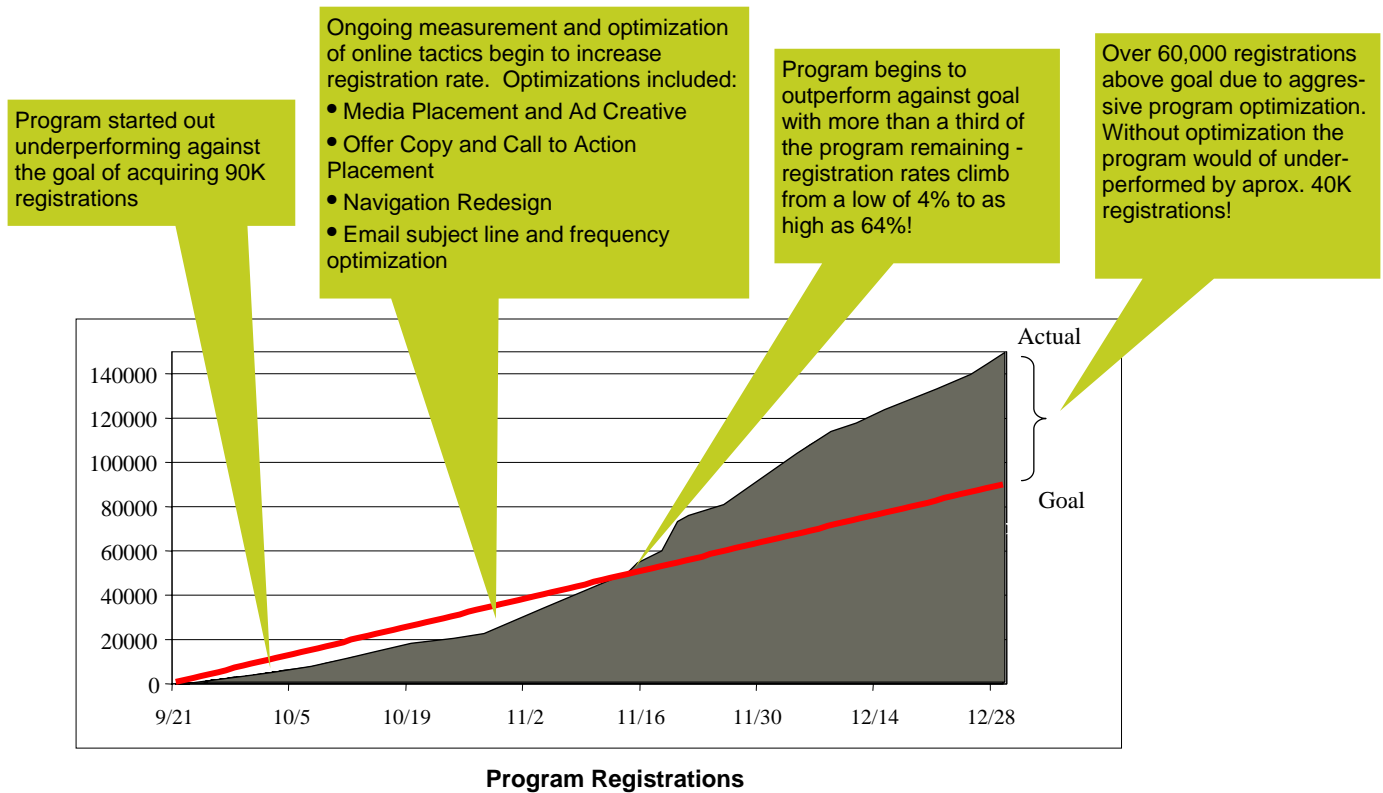
In order to gain a better understanding of who was participating in the sweepstakes, a program of ongoing data collection was implemented. Customer profiles were built and different profile attributes were harvested in each of the consecutive promotions. Detailed tracking and measurement of the program was used to optimize the program to include creative, messaging, and media placements.

The Samsung 24 Hour Street promotion and sweepstakes exceeded expectations and surpassed every goal that was set. The success of this program convinced Samsung USA to role out additional programs all based on the success of the 24 Hour Street. The following metrics indicated the success of the promotion.

- Over 80% of the visitors who participated in the sweepstakes had an improved perception of the Samsung Brand
- Over 1 million visitors to the 24 Hour Street promotion and sweepstakes
- Over 160,000 sweepstakes registrations
- Average website visit duration of over 7.5 minutes
- Opt-in rate of for future sweepstakes and communications of 62%
- Over 200,000 demographic and brand perception surveys completed
- Ongoing program optimization increased sweepstakes registration from 12% to 28% and optin rates from 25% to 58%

Aggressive measurement and optimization of the Samsung 24 Hour street program helped to turn an underperforming program into a successful goal-smashing success. Without the ongoing optimization activities, it is likely the program would not of even meet its goals, let alone exceed them.

### Samsung 24 Hour Street Program Registration Optimization



### Opt-In Optimization

As part of the program we also collected opt-in names for ongoing email marketing activities. By comparing the initial opt-in rates to the Avenue A | Razorfish benchmark “zone”, we were able to determine it was underperforming. We then took the necessary steps to raise the opt-in rate to acceptable levels.

1. The first round of optimizations included the rewriting of the opt-in copy and more conspicuous placement of the privacy policy. *Opt-in rates immediately increased by 20%.*
2. Second round of optimizations included the simplification of the click stream and reduction of the number of fields required in the opt-in process. *Opt-in rates then raised 5%.*
3. Final round of optimizations included further simplification of the click stream, reduction in survey copy, and a shortening of the opt-in form. *Opt-in rates raised once more by 3%, for a total program increase of over 100%.*

## Conclusion: Clear and Actionable Recommendations

There are a number of actions that can be taken to improve the performance of the online – most especially if performance is monitored and optimized through a strong analytics practice. In the immediate term, Avenue A | Razorfish recommends:

- Driving visitors to add product to the cart through audience targeted merchandising should remain a priority
- Facilitate checkout through improved error messaging & page content that focuses on error recovery and customer education
- Add minimal cross-selling (e.g. static top few products in a listing type display) to checkout
- Overall, improve access to information through page copy and hyperlinks—this content is buried or non-existent
- Provide clear system feedback and simplify data entry
- Listing pages should be optimized
- Find ways to do more selling above the fold on the home page
- Add popular functionality (advanced search, add to cart) and links to home page

## About the Author

### **Jacques Nadeau** **Senior Strategist**

Jacques is a founder of the Analytics practice with several years of experience at Avenue A | Razorfish as a subject matter expert. Jacques is a thought leader in Analytics pursuing selective innovation projects while also providing direction for number of engagements. He has played an integral role in significantly evolving the sophistication of Avenue A | Razorfish's Analytics capabilities and architected a proprietary platform for providing robust Analytics services. Through his mantra of "data without analysis is like a school bus without yellow," he has provided actionable analyses on clients such as BellSouth, Sun, Knight Ridder, Saturn, Samsung, Philosophy Cosmetics, Reckitt-Benckiser, Northwest Airlines, adidas, and Dr Pepper. Jacques currently manages all the analytics for visa.com and is an important lynchpin in the ongoing optimization of the site.

Prior to building the analytics practice, Jacques oversaw information architecture and development for the Portland office of Avenue A | Razorfish. In this role he helped build web sites for companies such as Timberland, Avery Labels, Digimarc, Mitsubishi Motors, CenterBeam, Mars Music, Paging Networks (Pagenet), Sales.com, IntendChange, and Ecolor (formerly Sonnetech). Jacques joined SBI in 1997.

## About Avenue A | Razorfish

Avenue A | Razorfish ([www.aa-rf.com](http://www.aa-rf.com)) is the largest independent interactive agency and an operating unit of aQuantive, Inc. (NASDAQ: AQNT), a digital marketing services and technology company. Avenue A | Razorfish solutions are grounded in deep technology, rigorous analytics and a rich understanding of customer needs, including award-winning media planning and buying, search engine marketing, customer targeting and profiling, world-class creative, design and implementation of web-based systems, and integrated marketing programs. Avenue A | Razorfish operates three regions – East, West and Central – with offices located in major U.S. markets, including New York, Chicago, San Francisco and Seattle. Clients include AstraZeneca, Best Buy, Kraft, Microsoft/MSN, WeightWatchers.com and Wells Fargo.

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