

Web Analytics—Taming Digital Chaos

insight

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The only constant in today's digital business world is change. Through iterative change, transformation occurs.

Software delivery methods change. Just look at the Customer Relationship Management (CRM) market that has shifted entirely to Software as a Service (SaaS) model. Web technology changes, as evidenced by the explosion of open platforms and frameworks available for user generated content creation. Content distribution business models change and established industries such as newspapers must watch their marketing dollars for paper based ads dwindle as money moves online.

Most importantly, your customers change their choices, spending habits and brand affinity in the time it takes to search, browse, and click. Today's consumer has more product, content and lifestyle choices available than at any other time in history – available at any time on handheld and desktop devices.

So how do you measure this digital chaos? How can your organization tame the overwhelming amount of web generated data available to you as a marketer?

Web analytics can serve as a strong starting point for a long-term transformational business program. Whether you manage a single brand or entire operating companies, certain best practices must be understood and implemented to help tame the digital data your organization collects.

Planning with Purpose

Companies spend millions annually on web development initiatives, site maintenance and marketing for their brands online. Far too often, web analytics is regarded as an afterthought.

Very few enterprises have a process in place for ensuring accurate web analytics data capture, or that consistent reporting and analysis occurs on a regular basis. Even fewer organizations are able to yield actionable results from their web analytics investment. There are many different tracking products that isolate a single campaign's performance, but the only way to gauge return on investment (ROI) for your entire Web site is through a properly implemented web analytics platform.

Everything your organization does online is measurable, but not everything needs to be measured. Without planning for measurement of your digital property – whether consumer site, business portal, intranet, blog, or display media campaign – any optimization actions you take are done in the dark. Simply put, you must maintain an ongoing understanding of your target

audience by measuring their interaction with your organization, your brand, your corporate messaging and your product.

You need to measure with the purpose of serving your customer better, or someone else will. Simple metrics such as unique visitors, visits and even referrals tell us very little alone, unless you can correlate them to a richer data set that better illustrates significant events. Leveraging web analytics for your brand or organization entails:

- Planning your initial implementation and configuring the system per your site's requirements
- Assigning resources responsible for implementation, reporting, analysis and maintenance
- Making Key Performance Indicator (KPI) definition part of your planning and marketing process
- Consistently applying tracking codes to all digital marketing campaigns
- Incorporating page tagging of new content and site(s) into your maintenance process
- Ensuring that web analytics report templates and dashboards are part of the planning process

Process

To successfully manage and make use of the wealth of data that analytics places at your disposal, process is required. The level of process needed depends on the size of your company, brand goals, analytics budget and how quickly your team can act on the data.

Retailers need to be looking at their data every day (sometimes hourly), both on an ad-hoc and structured basis. Brand teams managing informational sites may not require the same level of rigor; however, process of some type is still important.

So what are the simplest process elements needed to create an effective and purposeful web analytics program? Analysis and report review needs to be an integral part of your brand or companywide initiatives.

A group review of processed and analyzed data done regularly will yield deeper results and help steer a course to action. Holding emergency review meetings – in the instance of an event like a steep drop-off in user registrations or traffic – may be less successful, as they are typically conducted too late to allow for short-term corrective action.

During the group review of data, key decision makers should be involved in the process. This includes any agency personnel, user experience leads, designers and marketers that help define and implement action based on the findings of the data.

Most importantly these groups must work harmoniously to deliver a single, unified report. Receiving separate reports for organic search, paid search, display media and general site performance may lead a client to believe that the different campaign elements were designed in

separate silos and not considered collectively. The whole is greater than its parts when it comes to web analysis.

People

The action and business transformation that web analytics helps provide requires people. A web analytics platform without a skilled analyst(s), brand steward and site-side design/development team will yield static reports that contain few if any insights.

Divining insights from web data requires consistent and purposeful analysis. This cannot be stressed enough. Depending on the size of your brand and digital properties under management, someone who understands the data, company goals and site architecture needs to lead the analysis. If you cannot staff dedicated resources to maintain your web analytics platform and perform data analysis, seek out members of your team who can collectively contribute to the effort.

Platform

The platform your organization employs for web analytics is important, but it's only part of the equation. Many organizations deploy a web analytics platform and expect it to automatically yield results. Every web analytics platform on the market, however, requires a planned implementation and on-going maintenance to truly be beneficial to your Web initiatives.

There are differences in today's web analytics systems. They interface differently in terms of creating user segments, correlating data across metrics, importing external data and automating report distribution.

When selecting a new platform or expanding an existing one, careful planning should be part of the process. Many times companies struggle with their platforms when the real issue is with process or lack of planning. For a platform to succeed within your organization, the following best practices should be adhered to:

- Marketing and information system management must collaborate around the platform
- Enterprise wide implementation and configuration best practices should be documented
- KPI development and implementation should be planned for every site within the organization
- The system should be properly configured on the front-end specific to individual site needs
- High level summary report distribution should be automated via dashboards

The vast majority of web analytics report users do not want to log in to the system. These users – typically executives, brand managers and marketers – need summary data in a dashboard that can be reviewed in under 2 minutes. Strip out overly designed charts and graphs in these dashboards to allow users the ability to quickly assess how a site, campaign or product is performing. Your team's analysts, on the other hand, should be accessing the platform on a daily basis. These people need access to the full functionality of the web analytics platform.

A Tier-1 platform will offer structured reports; tools to build and distribute automated dashboards; and the ability to set up tracking and report filters for search engine optimization (SEO), pay-per-click (PPC), display media, shopping feed, and email campaign analysis.

Depending on how evolved your organization's web analytics practice is, you may need a platform with data warehouse capabilities that allow you to run queries against full click-stream data sets. Advanced web analytics will require a platform that offers a multi-dimensional analysis interface – such as Omniture's Discover application – and the ability to import many types of data.

Budgeting For Web Analytics

As with any other business process, web analytics has its own set of system and staffing costs. There are many opinions within the industry on where the lion's share of analytics money should be. Some say the system; some say people. We say budget needs to reflect both and align with your business goals. Consider these cost components:

- **Annual Platform Costs**

Most web analytics platforms in today's market operate as Software as a Service in which the actual analytics system(s) is completely hosted and maintained by the vendor. In this case, your organization's primary costs are based on the volume of server calls your site(s) performs with the system.

The simplest definition of a server call would be a page view. However, any Hyper Text Transfer Protocol (HTTP) "call" from a page to a Web server via Flash, AJAX, Silverlight elements, form submission, or video streams may be counted as server calls. Typically, a web analytics contract will be based on a pre-established committed server call target, i.e. 100MM and be structured annually.

Other factors involved in pricing server calls are based on how many additional analytics modules or features you contract. These supplementary modules run the gamut from licensing a data warehouse add -on containing full click-stream data to specialized data import/export components for integrating web analytics data with multivariate testing, email, survey, ad publisher, and CRM data sets.

Based on our own exposure, we've seen annual server call licenses for Tier-1 web analytics platforms ranging from \$35,000 for a single site with modest traffic (100MM server calls per year or greater) upwards to \$500,000 for large enterprise sites (1000MM + server calls per year or greater) or groups of sites across an entire organization's Web portfolio. If your organization elects to maintain web analytics servers within your enterprise infrastructure, then hardware, server licenses, bandwidth fees and IT maintenance costs must be built into your budget.

- **Implementation Costs**

Depending on the level of in-house expertise available, an organization may manage its own implementation or re-implementation. If the platform is more complex, implementation may be outsourced to the analytics vendor or an agency/consultancy group.

Costs associated with business requirements development, system selection, implementation, and configuration typically span a wide range. Implementation may cost more based on the scale, platform and level of expertise your contracted agency can provide. Generally, expect to spend \$25,000 to \$185,000 for complete implementation.

- **On-Going Maintenance**

Annual platform costs will vary based on your web properties' server call volume, add-on modules, data storage requirements, custom reports and dashboards, and how many report suites your organization runs.

Budgeting for the staff and/or consultants needed to run your web analytics program is a far more difficult task. It really comes down to three items: 1) how important your organization considers the online space, 2) how you are tracking the performance of digital assets, and 3) how valuable understanding of your user base's behaviors is to your business model.

As a large agency, we have been exposed to many different types of client maintenance operations. We have seen companies where one to two resources spend 20% of their time maintaining a web analytics system for numerous sites and the vast majority of analysis is outsourced to agency partners. We have also seen companies that fully staff system management and analyst teams to work with brand managers, product managers and agencies. There are many shades of gray between these two examples.

Action Driven Performance

Through a planned approach with the right people and an optimized web analytics platform in place, your organization can begin to tame digital chaos. Of course, this requires commitment, focus, and budget. To increase brand performance, sales, lead volume, or subscriptions the data must be mined and analyzed in a usable format.

Most importantly, once a site-side or campaign-based action has been defined it should be implemented as reasonably fast as possible. Then the analysis process should start again to determine outcomes.

Web analytics systems provide the data to allow for measured experimentation. It is crucial to the success of your program to act on the data when necessary. Determining what actions are required – such as site design modifications, natural search content expansion, form field changes, etc. – should be built into your group web analytics report reviews.

Change is Constant

The web analytics space has undergone numerous and substantial changes since early 1993, when the concept of measuring “hits” to web pages was first evolving. Since 2006, the industry has begun consolidating, yet it is still a far way off from attaining full product maturity or annual sales above \$700MM dollars as of 2008.

Many vendors and platforms have come and gone. Many have merged into each other. Omniture has led the industry in product innovation and been the driver of rapid consolidation

through strategic acquisitions over the last 2 years. Some key areas moving forward that the web analytics industry must continue to advance upon include:

- Standardization of key performance indicators
- Standardized integration of external site data and metrics, such as media impressions and cost
- Incorporation of panel data via subscriptions for comparative purposes
- Standardization on tracking Rich Internet Applications developed in Flash, AJAX, and Silverlight
- Better in-system tools for modeling of web analytics data
- Better data output via dashboard automation and desktop widget report streams
- Development of automated page tagging tools

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The Web Analytics group has worked with numerous companies in the entertainment, airline, retail, pharmaceutical, home builder, software, and technology product industries. Our services range from web analytics platform selection, implementation, configuration, re-implementation, in-system dashboard development, and specialized site-side data analysis and reporting.

For further information on AA|RF Web analytics or other Global Solutions services please contact:

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