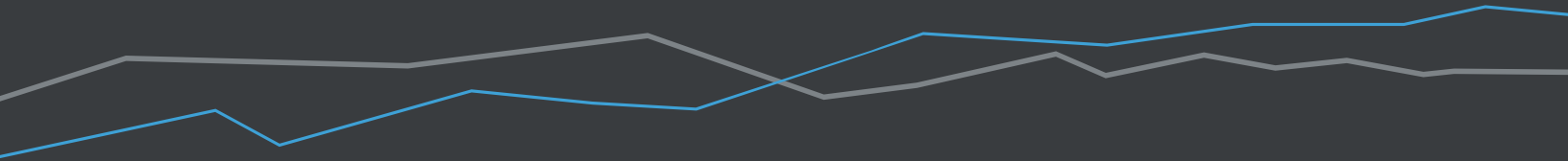


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WHITEPAPER / **RELATE ANALYSIS TO THE BUSINESS, AND THE BUSINESS WILL LISTEN**





ABOUT JACQUES WARREN

Jacques Warren has been in Digital Marketing for 15 years, spending the last nine entirely focusing on Web Analytics. He started his own consulting firm, WAO Marketing, in 2007, and has since been working with clients in North America and Europe, helping organizations from a wide variety of industries in the private and public sectors. Jacques is often sought after for his extended experience in diagnostic analysis, KPI definition, governance, and business optimization projects.

Jacques is the co-author of Web Analytics : Mesurer le succès et maximiser les profits de votre site Web, which is the best reference in the French language. He is a regular speaker at Web Analytics and Marketing events, and maintains two blogs on Web Analytics and interactive Marketing.

RELATE ANALYSIS TO THE BUSINESS, AND THE BUSINESS WILL LISTEN

WEB ANALYTICS STILL HAVE LITTLE IMPACT

Web analytics has exploded in recent years. Today, it is hard to find a website with no measurement solution. This now accepted need to measure has also been tremendously broadened by the massive interest in social media, and the final true coming of mobile marketing.

Most businesses now collect data about their online presence, and no one really needs to evangelize anymore about the importance of measuring what one tries to manage. However, it is my opinion that, although web analytics solutions are found on the vast majority of websites today, most businesses do not really use them. I believe that adoption, which I define as the actual use of analytic insights in the business decision-making process, currently is the main hurdle to web analytics' full development. And this situation is even more exacerbated by the new levels of complexity brought by the Splinternet.

It is a common remark among web analysts that the very people who would benefit the most from their reports ignore them. I have often heard of cases where the analyst stopped sending reports, just to realize that nobody was calling to inquire about them. Why are there so many chief marketing officers, marketing managers and web managers still making decisions about their web investments¹ using gut feelings rather than the data-based facts at their disposal?

It is my opinion that web analysts are mostly to be blamed for that.



Web Analysts Are Irrelevant

Or management perceives them as such. To their defense, managers have too often been bombarded with reports containing large numbers of numbers! Add cluttered graphs, plus a lot of unknown terms and concepts, and it's no surprise those reports fall off their hands.

Web analysts often produce information that triggers “So what?” reactions. Reports contain a ton of details about traffic levels, content consumption, conversion rates, and traffic sources, with little explanation of how these details relate to the overall business. In many instances, it's the difference between reporting and analyzing—the mistake of trying to make a point instead of getting to the point!

Why? I believe two fundamental problems are communication and alignment.

The communication problem: We web analysts speak a unique language within the organization. We use concepts no one else uses in the business, with our “visits” and “bounce” rates, “pageviews” and “unique visitors,” “clickthrough” and “cart abandonment” rates. Isn't it interesting and a strong sign that we have all had to lead long training sessions to teach our colleagues all those new terms and concepts?

¹ In this article, I indiscriminately use web, website, and online as synonyms for all the multiple forms digital marketing takes these days.

I think that most of our colleagues now have a fairly good grasp of those terms, but there's a deep flaw here: *They* had to learn our language; we didn't learn to translate what we wanted to say into *theirs*.

Second, there is an alignment problem. Too much of what is done in web analytics does not focus on how the business is measured in general. A common mistake for analysts is failing to align reports with what matters to their audience. Here's a question for you: If we continue to report information that has no direct link to what managers are evaluated on, why do we expect them to show enthusiasm and act on our "findings"?

THE ANALYTICS BABEL

Let's dive deeper into the communication situation. One serious problem faced by many analysts is not how to find statistical confidence or to execute flawless multi-linear regressions. It is communicating.

Speaking in jargon, web analysts talk too much about how the site works and what happens or doesn't during visits, and not enough about how the *business* works online and how actual prospects and customers behave. We are like mechanics discussing how all the parts of a car work together but never about the best road to take.

I am not saying there is no connection between what visitors do and online business success! What I want to point out is how all those actions are *translated* into meaningful information to managers and executives. One of a web analyst's very first duties should be to expose how all those little actions have a clear impact on the business—and to focus the analysis on essential actions, as well!

We have been conditioned to talk about the web the same way our tools do. The language problem starts with our field instrumentation. In behavioral web analytics (synonymous with "web analytics" in most people's mind), all the tools use very similar concepts and taxonomy. Just open any main report and you will see visit, visitor, pageview, and average duration numbers. One has to fight hard not to let that conceptual framework determine fundamentally how to approach the web part of the business.



THE CARROT AND THE STICK

Measurement and Behavior

Review the literature on web analytics, and you will find little or no mention of organizational performance measurement systems. By that, I mean how people are themselves measured within their organizations. It is a fact of work life that people tend to behave the way they are compensated.

Measurement is not isolated from the vagaries of organizational life. Metrics, KPIs, optimization processes, etc., though fact-based, are used in environments of internal politics, agenda, priorities, and execution contingencies. Should we be surprised? No. And we should never mistake measurement for pure objectivity, because measurement evolves in a socio-political environment that *necessarily* determines what will be adopted, rejected or plainly ignored.

We have all seen situations (unfortunately too often) where measurement served an agenda. Most web analysts can recount at least one anecdote where people tried hard to put a positive spin on results that strongly suggested otherwise. This is a normal reaction to political motives that force a change in interpretation or abandonment of sound analysis altogether.

Dysfunctional Measurement

Measurement itself can have perverse effects, too. Performance-measurement literature abounds with examples of metrics gone awry. For example, if you evaluate customer support staff by how short they keep calls, they will close tickets too quickly and dissatisfy too many customers in the name of that goal. Compensate salespeople solely on top revenues, and you will notice end-of-quarter spikes on deals with dubious profitability. Give bonuses to managers for keeping inventory low, and parts suddenly turn up missing.

According to Dean Spitzer², “dysfunctional measurement” is a situation where “measurement [is] used to justify pet projects or to maintain the status quo; measurement used to prove, rather than improve.” It usually serves three purposes: self-aggrandizement, self-promotion or self-protection.

What Executives Care About

To put it simply, most business executives care about three things: profits, predictability and their own advancement.

Web analysts do not report on profitability enough. In their defense, this is because most web managers are evaluated—not on contributions to business profitability—but rather on top-line revenues. This explains why optimization usually focuses on conversion³.

One other problem is confinement: Web analysts tend to stay within the online properties they report on instead of following web prospects and clients all the way through the cycles. Few analysts ask what happens after a transaction/conversion occurs.

² For an absolutely fascinating discussion of organization performance measurement, see Dean R. Spitzer, *Transforming Performance Measurement*, AMACOM, New York, 2007. (Many thanks to Jim Novo for introducing me to Spitzer’s work and for countless hours discussing this topic.)

³ Here is an idea: How about optimizing for online customers’ Life Time Value (LTV)? Rarely done in web analytics.

C-level executives obsess over the future. However, most web analysts report on what happened in the past and rarely make predictions about what will happen if X or Y investments are made. Web analysts need to give credible predictions based on the knowledge they have accumulated.

And naturally (perhaps especially) C-level executives focus on their professional success, which is in principle aligned with business success. This is a sensitive matter when KPIs are determined. I don't want to suggest that high-level managers only want to align everything so that they can achieve career goals; however, understanding the business objectives down to the executive objectives is essential to making web analytics relevant and important.

You don't need to know exactly how an executive is evaluated, but you do need to understand the basics of how C-level managers are generally measured.

Shared Responsibility

Executives and managers also bear some responsibility. The best productive way to approach this situation is to see web analysts as internal consultants. As such, management needs to invest time in educating analysts and help them understand what they need. As with any successful consulting engagement, internal consulting projects feed from impeccable listening, and also from clear expression of problems, situations and goals. Behind every great consultant, there is a great client.

Especially with social media and mobile marketing now adding so much complexity to traditional digital assets, C-Level people preoccupied with what to do, where to invest, and what to expect should know that they already have in their own organizations people who can bring some light based on facts, not fad.

PROSPECTS AND CUSTOMERS

Businesses care about how to convert *prospects* into *customers* and how to keep profitable customers as long as possible. For 15 years, analysts have used the wrong terminology. We are the only ones talking about "visitors." Everyone else says "prospects" to mean potential clients and "customers" when they talk about how to keep them.

This means that web analysts must be able to translate how web investments contribute to finding prospects and serving customers, not visitors. However, much of what is planned, developed and implemented online does not take that basic fact into account.

Web managers should think harder about how to transform anonymous visitors into prospects and customers that make sense. After all, a visitor you can't talk to is not a prospect—and certainly not a customer!

Your web analytics efforts should focus on recognizing that site visitors fall into one of the following categories:

- People on your site by accident who immediately disengage (and they are many!)
- Prospects who immediately discard you
- Prospects identified by one or more actions on the site
- Customers who haven't identified themselves yet
- Customers who authenticate themselves

For most sites, the majority of activity comes from the first two visitor categories. It is quite amazing how much signal-to-noise ratio sucks on the web. Traffic numbers are rarely important for strategy.

WHAT TO DO ABOUT IT?

Adopting a More Business-Accurate Language

Web analysts need to start learning and, more importantly, expressing themselves in the language common to everyone else in the business: “prospects” and “customers,” not “visitors.” This is more than semantics; focusing on prospects forces web analysts to revisit their analytical framework and the technologies they use. (Not to mention change those outdated report headers!)



Reconsidering the KPI set will also change how web analysts talk about the online business and, thus, how everyone else views the analysis. Analysts should be wary of visitor-behavior KPIs and favor KPIs that measure business execution. What visitors did, how they converted, what pages they viewed, where they came from—all are important behaviors for sure, but not necessarily relevant to how the business is doing now or in the future! KPIs at the strategic level should answer one question clearly: What web investments are best for the business?

By adopting the language of the business, web analysts will align their work with the main performance measurement system and, at the same time, come much closer to addressing what executives really care about.

In order to do that, web analysts must change their fundamental mindset.



Beyond the Visit Paradigm

We have been boxed into the visit paradigm, a way of thinking that makes us focus too much on transactions while conceptually cutting us off from the more important relational aspects of a purchase cycle and loyalty building. Apparently, web analysts opened log files 15 years ago, started talking about what was going on, and never bothered to ask whether or not it was the best way to talk about it.

To analyze prospect behavior properly, web analysts must become visitor-centric instead of transaction based⁴. Focusing web analytics on visitors and prospects means tuning online behavior-analysis technology to products that capture and report on cross-visit behaviors (i.e. recognize visitors and handle their historical data) and link visitor data with databases that manage prospects and customers.

⁴ For an excellent discussion of visitor-centric analysis benefits, see Gary Angel, Database Marketing With Online Behavioral Data Made Simple, Webtrends Whitepaper/Segments and Score Series

WHEN VISITORS, FANS & USERS ARE PROSPECTS

If web analysts need to change their mindsets, online marketers need to invest more effort in ways to incent prospects to try their products and services—or at least create some impression and interest before prospects bounce from their site. Marketers need to forget about big, anonymous traffic numbers and care more about how many actual people engage in meaningful conversation.

Interest in web analytics will increase sharply once analysts explain why there were only 250 qualified prospects on the web site or Facebook page last week compared to 450 the week before, and what to do to bring the figure up again. Guaranteed, managers will quickly forget to ask how many visits the site got during that period.

Web analytics is all about digging out value. How much do you contribute to the treasure chest? When was the last time you found \$500,000, or even \$50,000, in profits, sales, or saved costs? Or increased client satisfaction you surveyed? If you talk about value, I guarantee managers will forget about how big the traffic numbers are.

At some point, web analysts must answer these questions:

- How many prospects did we get online this week?
- What is the value of a web customer?
- Are web customers more or less loyal?
- How much do our web investments contribute to overall profitability?

I consider the last question key to the ultimate web analytics program. Whichever web analytics maturity model you decide to use, you will know it's the right one when you can answer such a question—and you will be in an elite class because of it.



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