

Dashboards Are Not a Strategy:

How to Focus Your Analysis Efforts to Create
a True Competitive Advantage in the Digital Age



Developed with IBM funding for Coremetrics by:

Eric T. Peterson, CEO and Founder
Web Analytics Demystified
www.webanalyticsdemystified.com



Did you like this white paper? Tweet about it! [!\[\]\(003082e50e3009141f59bd5df831749f_img.jpg\) Twitter.](#)

Contents

Executive Summary	3
Introduction	3
Dashboards Are Not a Strategy	4
Developing a Digital Measurement Strategy	8
Self-Assessment: How Good is Your Current Approach?	14
Beyond Dashboards: Real Strategy Applied	16
Conclusions	21
About the Author	22
About Web Analytics Demystified	22
Coremetrics®, an IBM Company	22

Executive Summary

It is increasingly difficult to deny the impact that the connected world has on consumers and businesses alike. Regardless of whether you are an online pure-play or an established Fortune 100 brand with resources spread across the globe, digital interactions have become as much a factor in your success as the products you make and the people you employ. While daunting for some, the opportunity is great, especially considering the high-level of measurability associated with almost any investment made in the online world.

Of course, you have to be prepared to take advantage of that measurement, and therein lies the rub.

Despite over fifteen years of attention, investment, and evolution, most companies still fail to take advantage of the incredible volume of data generated by every single click, view, share, like, tweet, and transaction that happens on the Internet. The few that do-- the market leaders who understood early on that harnessing this data required more than just big spreadsheets and pretty charts-- have created a competitive advantage for themselves that allows them to move into new markets, new platforms, and whole new forms of consumer engagement designed to drive sales, profits, and shareholder value.

Over the past three years the author, a long-time analyst and consultant in the digital measurement arena, has observed an unfortunate trend towards mediocrity in the use of web analytics technologies. Otherwise brilliant companies have developed an over-reliance on dashboards and reports-- low value output-- and that reliance is hampering their ability to leverage digital data to create a strategic competitive advantage.

This white paper describes the problem, and more valuably, the solution, based on a combined 30 years of experience with digital measurement, analysis, and optimization.

Introduction

Having worked in the web analytics and digital measurement industry now for well over a decade, I can say with confidence that it is a wonderful time to work in the field. With every passing year, the criticality and recognition of the value of digital measurement increases and, at least anecdotally, we appear to be on

the verge of a "golden age" of web site analysis and optimization. Evidence of this transformation includes:

- Adobe, one of the digital content community's most well-known companies, acquires measurement and optimization firm Omniture in 2009
- IBM, one of the world's largest software and consulting companies, acquires not one but two of Omniture's competitors in 2010, buying both Unica and Coremetrics and coordinating them under a single owner within the business
- Google, long a provider of free analytics services, is on the cusp of offering paid "enterprise class" services including dedicated support, service level agreements, and dramatically improved system response times
- Site testing, optimization, and targeting platforms including IBM/Coremetrics Intelligent Offer and IBM/Unica Interactive Marketing OnDemand are gaining tremendous traction within businesses of all sizes and sectors
- While perhaps not the best press, digital measurement and targeting technologies are increasingly featured in the popular press thanks to a resurgence of interest on the part of lawmakers in online tracking
- Online shoppers are becoming accustomed to personalization and retargeting, and less offended by it

Any individual evidence may seem like the natural progression of a still-young software and services industry. Considered collectively, however, and in a few short years the still sub-billion dollar web analytics industry¹ has gone from being a back-room endeavor and occasional data provider, to a capability and competency that few businesses are willing or able to do without.

Grand times, indeed.

Unfortunately the maturation of the digital measurement industry is not happening without its own unique series of challenges. Ranging from a lack of qualified resources leading to unwise hires and salary inflation, to the aforementioned, scrutiny by the Federal Trade Commission and Department of Commerce, as a sector "web analytics" still has a long way to go. Of course this is not unexpected, and so the best of the best hunker down, work through bad data, and deliver brilliant insights to an increasingly executive

¹ http://www.forrester.com/rb/Research/research_web_analytics_forecast,_309_us/q/id/56163/t/2

audience.

Still, it is somewhat disheartening as a veteran of the sector to see perfectly smart people fall into a trap, especially one that is tragically difficult to get out of. That trap? An over-reliance on reports and dashboards.

Who would have thought, given the work that Tufte, Few, and the other great thinkers on the visual display of complex data have done that dashboards would be a problem? I certainly didn't think so in 2006 when I first published *The Big Book of Key Performance Indicators*, a book that has been described to me as "the Bible of dashboard creation and use" (a compliment I accept humbly, I assure you). On the contrary, my every expectation over the years is that companies would leverage reports and dashboards as a *component* of their digital measurement strategy, not the entire strategy itself.

Alas, that is not the case in far too many instances, and so I offer this white paper, generously sponsored by Coremetrics, an IBM Company, as a small atonement for whatever confusion I have created through my work over the last twelve years. My hope is that setting the record straight and, as clearly as possible, remind marketing leadership and business owners around the world that digital measurement is a multifaceted effort that requires a clearly defined strategy and that at least some readers will look inwardly and seriously consider how web analytics are impacting their businesses bottom line.

Dashboards Are Not a Strategy

On the surface the headline above is obvious, perhaps spuriously so, and unworthy of mention. Perhaps, but let me relate a conversation I had recently with a senior manager for web analytics at one of the best known and most valuable brands in the world.

Invited to evaluate the company's overall approach towards digital measurement and optimization by marketing leadership, I was immediately struck by how haphazardly the company had invested in digital measurement. Few of the fundamental decisions required to be successful in an online analytics practice had been made:

- Tagging was functionally decentralized despite a near seven-figure investment in a technology known to require great care during implementation;
- Tag-related issues were further aggravated by a near religious dependence on both outside agencies and rich media platforms like Flash and Flex;
- Dedicated resources for analytics were few, junior level, and clearly over their heads in an otherwise intense working environment;
- Internal customers of analytics were clearly frustrated with the output they were seeing, or more accurately, were not seeing;
- The senior-most manager responsible for web analytics, a vice president known for his personal intensity, appeared to be simultaneously focusing on minute detail and washing his hands of the entire effort.

While I wish I could say this company is an edge case, they aren't. Our entire practice at Web Analytics Demystified is built around companies exactly like this one: organizations that have made a tremendous financial investment in web analytics resources and technology but haven't quite connected the dots when it comes to building an over-arching strategy for how those resources and technology would actually create value for the business.

Regardless, based on my initial assessment, I offered to write a proposal to help the company put some sorely needed structure in place. Having worked with dozens of similar companies during my tenure as a practice leader and consultant, I was well aware of the challenges facing the organization and, more valuably, how to solve them. The marketing organization was clearly motivated to make some changes and figure out how to finally get value out of their investment.

Needless to say I was surprised a few days later when the analytics manager called me to let me know they wouldn't need a proposal. Being humble I asked, "Did you decide to go with someone else for the work?" knowing full well that there are few other consultants with the same experience we have at Web Analytics Demystified for digital measurement strategy in the enterprise.

"No," the manager responded, "We have decided to focus on creating more dashboards for the marketing and merchandising groups. We're pretty sure that more dashboards will solve the problems we are having."

Since I could not believe my ears I figured this was the nice way of saying "You are too expensive for us" and thanked the manager, fully expecting to hear shortly thereafter that someone else was being brought in to manage the work. But the manager was serious, and the company set about building more dashboards and pushing out more data into an organization under-staffed, under-skilled, and apparently uninterested in seeing any kind of positive return from their substantial investment. To this day the company is sitting in meetings, staring at data that tells them very little about their real opportunity in the digital world.

While this company is truly great--a market leader known for their design and brand acumen- the great lesson of the Internet age is that no company has all the answers. More importantly, in the era of the long-tail, no company large or small is free of competition and threats have a tendency to emerge unexpectedly and forcefully.

But that's not what really irked me about all of this, honestly. Arrogance and short-sightedness aside, what gets me about the "dashboards" approach is that it dismisses customers from the decision making process almost completely. When your entire approach towards web analytics is to use data as a "rear view mirror" you are missing out on the most powerful, most valuable, and most gratifying aspects of web site analysis and optimization.

No matter how pretty the package, in my dozen years in web analytics, I have never once seen a dashboard work as an effective substitute for an overarching strategy detailing the businesses investment in technology, human resources, and governance, at least not within any business of size.

Not once.

So given this, and with IBM's permission, I wanted to detail a handful of the reasons that dashboards are potentially a distraction. Following that I will offer slightly more positive recommendations regarding the creation of an overarching digital measurement strategy for your business strategy, one in which dashboards are a *component*, not the entire *raison d'être*.



Figure 1. Coremetrics Lifecycle™, a new dashboard from Coremetrics that details evolving shopper and customer relationships over time.

Dashboards are a Component of a Strategy, Not a Strategy Themselves

Speaking of components and strategy, let's start there. I am not arguing that dashboards are wrong, quite the opposite. I am a huge fan of reports and dashboards used in the proper context, and it is clear to even the most casual observer that the entire digital measurement sector has a profound dependence on simplifying information for broad consumption within the business.

What I am saying is that dashboards are a means to an end, and the end is not "delivering reports to business stakeholders." True value from web analytics and optimization technology manifests when good analysis is used to optimize visitor and consumer experiences, resulting in an increase in customer, business, and shareholder value. When your entire web analytics strategy is to disseminate information, the process breaks down, and at some point senior leadership will walk down the hall and ask why you are spending so much money on reports that nobody really uses.

Unless your dashboards are driving the recipients to ask questions, ask for recommendations, or otherwise prompting some follow-up action on some other part of the business, you have failed. If you're not sure if you have this problem, ask yourself this simple question: "What is the last action a dashboard prompted us to take that generated substantial and incremental revenue for the business?"

If you don't have an answer, you have your answer.

Good Dashboards Become Eye Candy (and Candy is Bad for You)

One of the best things about dashboards and some of the work done in the past three or four years is that they are damn sexy. Some vendors have started to rely on cool technology to power their reporting efforts, for example Flash-based reporting and some of the slick visuals you commonly see associated with air traffic control. Others, including Web Analytics Demystified, have gone back to our roots in information conveyance and increasingly rely on PowerPoint to create visually appealing yet sparse decks designed for an executive audience. Either way, more and more companies are getting truly beautiful reports and dashboards and thusly have a sense of satisfaction. If it looks good it must be useful, right?

Alas, no.

While we sincerely believe that any dashboards worth developing should be attractive and useful, we increasingly see too much emphasis on "attractive" and not enough on "useful." Again, this makes sense ... nobody wants to waste their time pouring over ugly spreadsheets looking for the one piece of information they need to do their job. Still, we definitely see evidence that "eye candy" is beating out "brain food" and every parent knows you cannot eat candy and avoid food for long before bad things happen.

If you're not sure if you have eye candy or brain food ask yourself this simple question: "How long did we spend developing our dashboards versus the amount of time we spend considering them each week in management meetings?" If development took months and considering takes minutes, you have a problem.

Bad Dashboards Become Excel Hell (and Hell is Bad for You)

Despite the beautification of dashboards described above, the vast majority of web analytics reporting across the business still happens in Microsoft Excel. This is fine, great really, since Excel has become a pretty powerful suite of visual tools itself over the years, that is until you stop and consider what it usually takes to get data out of web analytics systems and into spreadsheets.

While there are an increasing number of exceptions to this challenge, driven largely by add-ons to Excel that are able to leverage APIs to query web data-stores directly and use the results to populate worksheets, far too many companies are still using manual or near-manual processes to populate their dashboards. While I'm not sure if it is worse that companies pay analysts six figure salaries to copy and paste or that analysts are content (or resigned) to such a menial and monotonous task, it doesn't matter. Building dashboards by hand is wrong.

If you're not sure if you have this problem simply ask yourself: "What does the web analytics team do every Monday morning?" If you don't see them because they are heads-down in Excel trying to make sure every little number is populated and lined up perfectly you definitely have a problem.

Dashboards Waste Time (and Time is Money)

The last point leads to the observation that dashboard projects, or at least those not well utilized by the broader business, waste analysts time and with the average analyst salary approaching \$100,000² wasted time is wasted money. There are definitely great strategies to get around this issue-- Dell, for instance, has a very robust initiative in India to ensure that their dashboards and reports are created overnight by lower wage (but still qualified) resources --but too few companies outsource this otherwise menial task, instead using the work to justify the very same dollars they are ultimately wasting.

If you're not sure whether you're wasting time generating dashboards and reports ask yourself this question:

"Based on average wages paid across all resources involved, how much does our complete package of reports and dashboards cost the company every year?" Likely you will be surprised by the answer, but you may not have a problem unless you didn't have an answer to the earlier question about the value of actions dashboards have prompted you to take.

Dashboards Take Your Eyes Off the Real Prize

The fundamental problem with an over-reliance on reports, and dashboards is that they become a distraction from the type of output that is truly important in your digital measurement and optimization strategy: information, insights, and recommendations. Put another way, the value is not in the numbers; the value is in what the numbers tell you about your business.

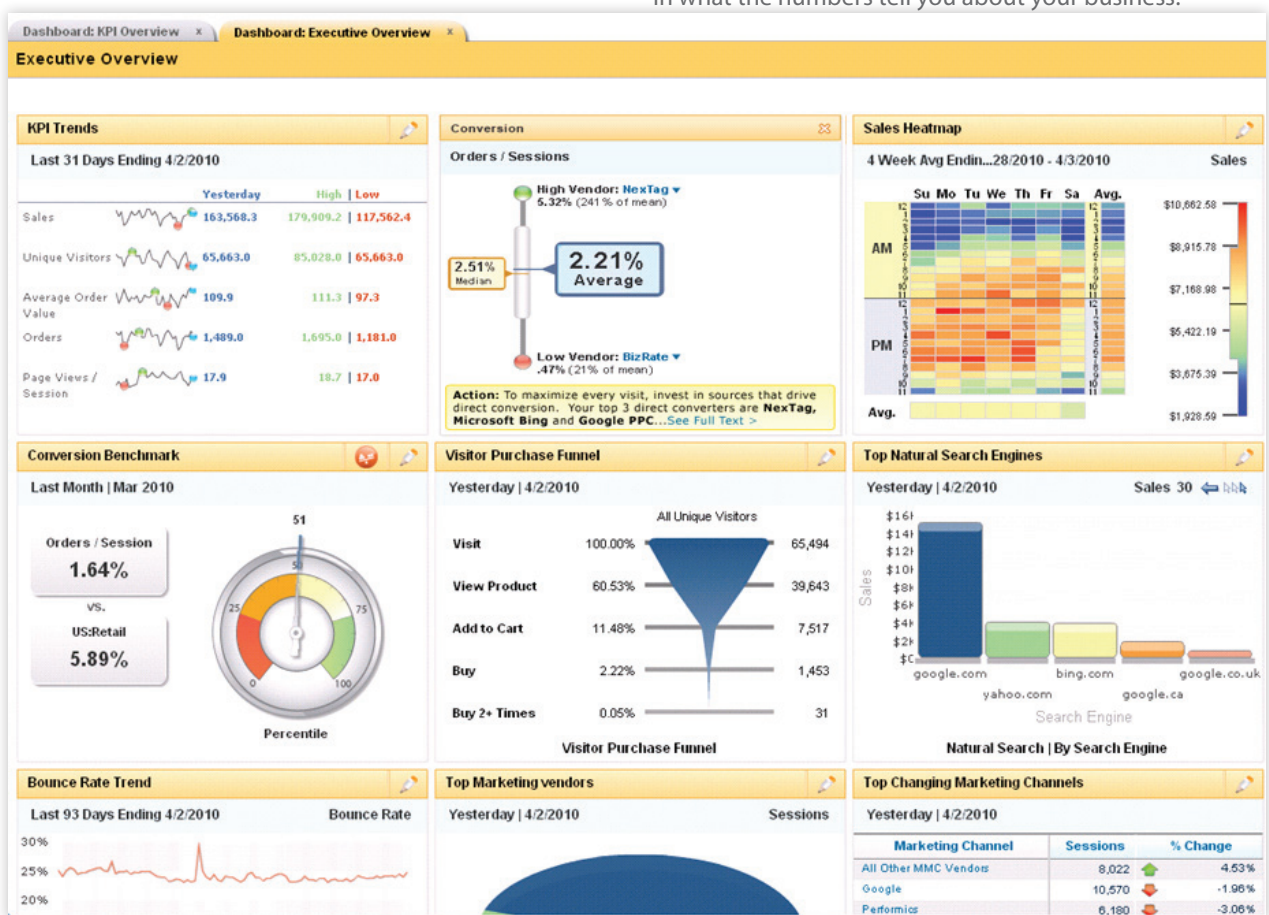


Figure 2. An example of a well considered dashboard, delivered through Coremetrics Analytics™

² <http://www.iqworkforce.com/blog/2010/09/16/web-analytics-salary-guide/>

This is the mistake the company I described in my earlier anecdote made (and continues to make). By focusing their scant resources on pushing out more data, they completely cut themselves off from the ability to translate that data into a highly valuable deliverable for management. This, in the context of the increasing visibility of digital measurement among senior leadership, creates a huge problem: you will not be taken seriously if all you are doing is spitting out data.

What's worse, in my experience, not being taken seriously leads to an eventual collapse in the business' ability to even generate reports and dashboards, much less insights and recommendations. What happens is that otherwise qualified and highly compensated individuals eventually notice that management does not trust them, evidenced by the fact that they are only asked for data and never for analysis. When this happens, given that recruiters call on the best analysts constantly and the anecdotal observation that even reasonably good analysts increase their salary by more than 20% every time they switch jobs, eventually your web analytics team will quit and look for respect elsewhere.

At that point, given that your substantial investment in web analytics technology will contractually continue, you are up the proverbial creek without a paddle. Now, all because you cut the wrong corner and tried to substitute pretty charts and graphs for a well developed digital measurement strategy, the CFO is sitting in your office asking when your investment is going to pay off. Worse, you will have a reputation in the web analytics community for being a bad place to work, something that takes years to shake and reduces your company to a training ground for inexperienced talent, or worse, creates a near-complete dependence on expensive contractors and consultants.

Bad times, indeed, all because you didn't take the time to invest in digital measurement as a long-term capability and competency. But it's not too late. You can still develop a world class digital measurement and optimization strategy. All you need to be is motivated.

Developing a Digital Measurement Strategy

The solution to the dashboard dilemma is simple: you need to clarify from the top down what your goals are for your investment in web analytics and use those goals as a guide. These goals are not low-level stuff like "sell products" and "drive downloads" --worthy outcomes all, but not strategic in the long run-- but rather "develop a global competency to deeply understand our digital audience" and "establish an internal capability for testing and personalization driven as much by analytical insights as internal experience and gut feel." While it may be tempting from a tactical perspective, I strongly recommend not setting goals like "measure page views" and "report on campaign data." These and similar goals are clearly important but, at least in a well-run strategic digital measurement practice, they are the means, not the ends.

When it comes to defining these goals, we have found it helps to think about the potential output from your web analytics practice hierarchically. In fact, as part of our strategic consulting practice we have developed something we refer to as "The Hierarchy of Analytical Needs."

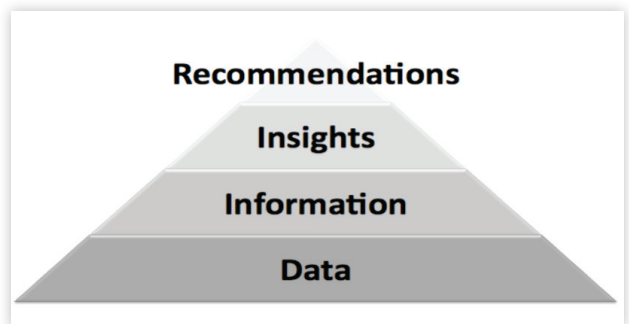


Figure 3. Web Analytics Demystified's Hierarchy of Analytical Needs

With all due respect to the great psychologist Abraham Maslow and his 1943 work, A Theory of Human Motivation, our hierarchy is decidedly more simple. Our “basic” analytical needs are data and, by and large, data is very easy to generate. But data alone does not satisfy a broad enough set of business analysis needs and so by applying reasonable effort we can transform data into information, with the difference being the addition of context. This translation is the point at which dashboards and reports are created and, sadly, the point where far too many organizations stop in their effort to use web analytics technology to create tangible business value.

Those organizations who are sufficiently motivated are able, again through the application of effort in the form of human analysts considering the causation and correlation influencing observed changes in the data and information, to translate said information into insights. Insights provide the underlying detail required to understand movement-- the difference between knowing that “page views increased 30% month over month” and “page views increased 30% month over month driven by a 75% increase in traffic from Google, Yahoo!, and MSN indicating that our search optimization efforts may be paying off.” Having information is valuable, and having satisfied their need for analysis at this point, many organizations hunker down and churn over insights.

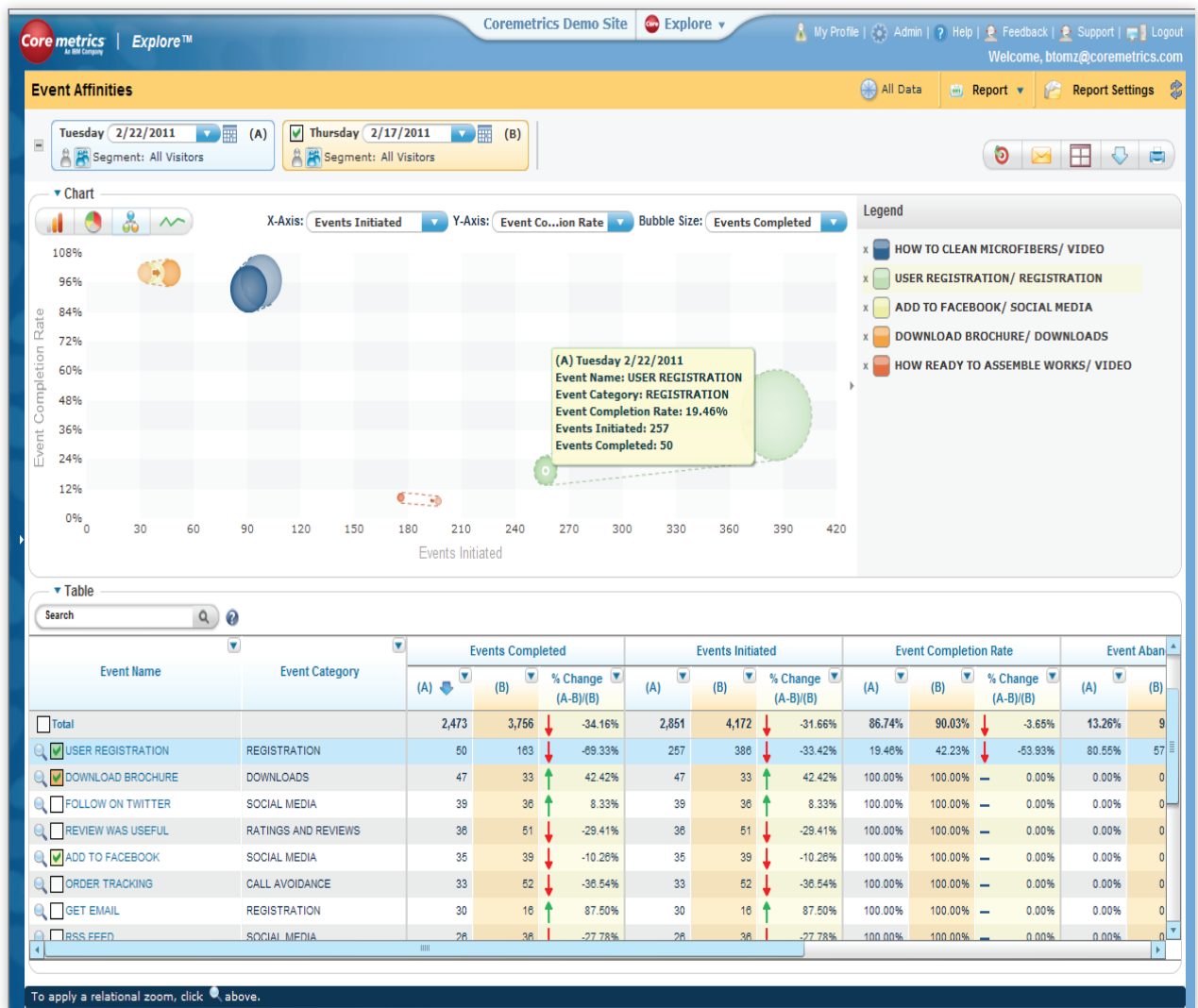


FIGURE 4. Coremetrics Explore™, an appropriate technology to help digital analysts generate insights and make recommendations.

But insights are not the top of the hierarchy. The fast evolving nature of the Internet and other digitally connected channels means that not everyone can have the skills required to take an analytical insight and self-actualize that output into a tangible and appropriate business action. What's more, in a highly strategic digital measurement and optimization practice, business users should not be expected to make that translation-- the analysts should be providing it for them in the form of recommendations. Here the difference is less subtle, appending specific, tangible actions to the insights provided. Using the example above, "Based on this 30% increase, we recommend applying the same SEO practices to the entire site which, all other things being equal, should drive an additional 20% increase in overall traffic, resulting in a 12% increase in impression based revenue."

At this point leadership has A) the data, B) put into context with C) appropriate underlying detail and delivered with D) tangible, testable recommendations that they can approve, deny, or modify. While our definitions and distinctions may seem somewhat contrived, we encourage the reader to ask themselves this very simple question: "What are we getting today? Are we getting fully informed recommendations from our digital analysis organization that we can easily action and then measure the effect of those actions? Or are we getting spreadsheets and data?"

Again, in my experience the honest reader will fall somewhere in between, usually edging towards "spreadsheets and data." If this is you, hopefully you will see that while our distinctions may be contrived, they are also well bounded by application of varying levels of effort and expertise.

Put another way:

- It only takes technology to generate data;
- It takes technology plus some level of human effort to generate information (e.g., the dashboards need to be set up);
- It takes technology, effort, and analysis to generate insights (e.g., someone has to look for underlying cause when numbers change);
- It takes technology, effort, analysis, and experience to make recommendations (e.g., someone has to actually put their name on the line and tell management what the data suggests is the best course of action).

For sake of argument, let's assume that our hierarchy is correct and that your real goal is not "measure page views" or "report on campaign data" since clearly these output are both low-level, high-volume data and information. Instead, in the context of our hierarchy, the real goal of your digital measurement efforts should be to "generate insights" and "make recommendations for improvement to the site based on a considerate analysis of the available data." Not easy, but certainly worth the effort.

With your goals defined, all that is left is to work backwards to develop a strategy and governance model for the people, process, and technology you will need to accomplish said goals. Of course, if developing that strategy were as simple to do as it was for me to say, you wouldn't be reading this white paper, you'd be rolling in all the incremental revenue a well run digital analytics practice can bring in and I would still be picking mushrooms on BLM land in Southern Oregon³. While I'm done with mushrooms, I suspect you'd like that revenue, so let's talk about developing a digital measurement strategy for your business.

³ The author holds a MSc. in Mycology from Oregon State University, and although he admits to not actually liking how mushrooms taste, he does enjoy hunting edible mushrooms in the woods with his kids.

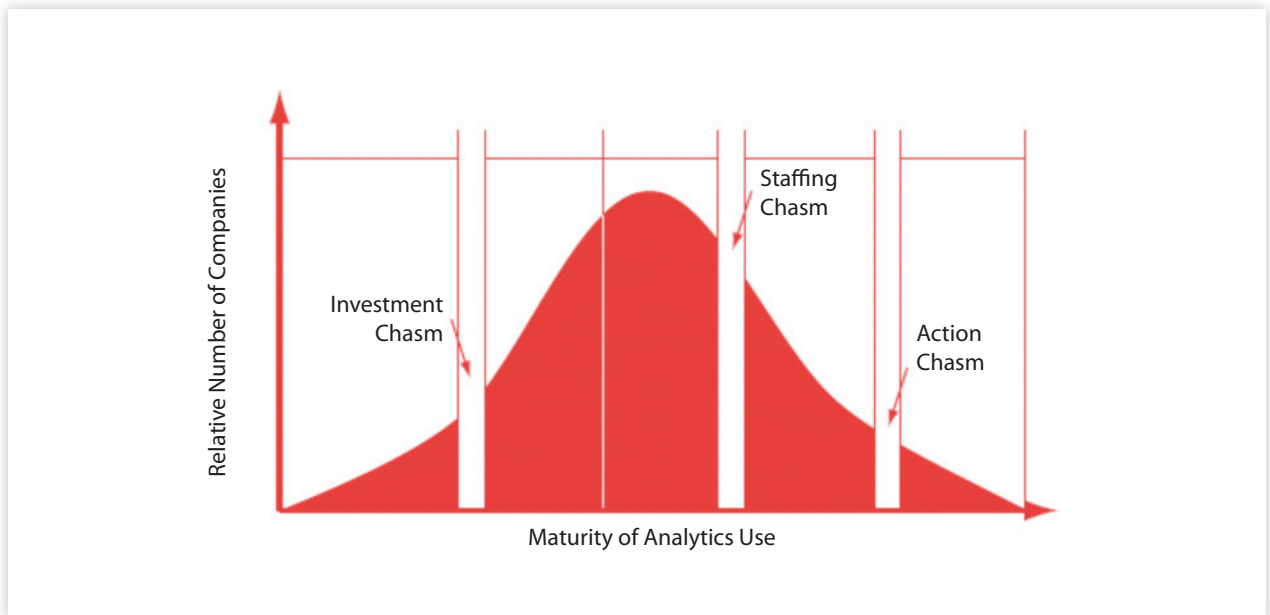


Figure 6. The original web analytics maturity model, summarized, as first described by the author in 2005 at JupiterResearch.

The Strategic Framework: People, Process, and Technology

The good news about developing a web analytics strategy is that the requirements are well-known and there are no surprises. In fact the requirements have not changed one single iota since I first described them in 2005 while at JupiterResearch (now acquired by Forrester Research, Inc.) in my report titled “Web Analytics: Framework for Using Data to Drive Business Success”⁴. In simple terms I mapped the use of web analytics tools to a normal shaped bell curve and described three chasms every company needed to cross to mature said use. These three chasms, “investment”, “staffing”, and “action” at the time, have since evolved into the core of Web Analytics Demystified’s Strategic Framework: People, Process, and Technology.

At the time, this was the first maturity model for web analytics. While I was generous at the time in ascribing a normal distribution to companies at various developmental stages in their use of measurement tools, over the subsequent years, my assessment has been repeatedly validated in the marketplace and now, in 2011, the vast majority of companies are poised to apply process to their investment in technology and human resources to cross that “action chasm” and begin to appreciate far greater benefit than previously found.

While hard numbers are hard to come by, best guess estimates that over 90 percent of online businesses in North America and Europe invested in some type of web analytics technology, thanks largely to free solutions like Google Analytics and price compression among paid vendors. Staffing is still a bottleneck simply because there is no training ground for new analysts, but estimates have over 50 percent of companies who have a serious and significant investment in technology also having at least partially dedicated resources for web analytics, ranging as high as 80 percent among companies spending more than \$100,000 annually on digital measurement solutions.

Hopefully you are in both of these groups, having invested in appropriate technology and qualified operators to put that investment to good use. Still, having tools and people to use them is only a slightly more strategic approach towards web analytics than the dashboards I described earlier. Tools and people give you the ability to be tactical in a scalable way so you can generate lots of pretty reports and dashboards with ease. But it is not until you apply some amount of governance and business process to the equation that you will really start to see results.

⁴ http://www.forrester.com/rb/Research/web_analytics/q/id/52863/t/2

Megan Burns of Forrester Research once commented to me that “process is a four letter word” and that “many business owners don’t like business process because it slows down innovation.” Others argued that documenting process for web analytics was an exercise in futility and that the results were destined to collect dust on a shelf while the real work of measurement went on around it. Megan is right, of course, and I have no argument to refute concerns about the potential for process and governance models to slow down web analytics efforts save one: Web analytics never, ever, ever create sustainable business value in the absence of clearly defined process.

Yes, with good technology and a smart staff you can find easy wins. The problem is that this “low hanging fruit” approach towards site optimization eventually peters out when the fruit are picked and, finding that the business hadn’t invested in structure and strategy for going further up the tree, the value of insights available quickly diminishes. The result is usually the unsatisfied analytical workers described previously-- “report monkeys” to use the colloquial-- who do little more than churn out dashboards while collecting six figure paychecks. If not addressed, these bored workers eventually find other work and, in the worst cases, the organization realizes they are wasting their money on technology and go looking for less expensive but less powerful solutions despite a prior, often significant, investment.

So invest in technology, people, and process and you will be more successful, I promise you this. If you can do that with the blessings of an analytically-minded management team, you will be wildly successful.

The Advantage of the “Data Dogs”

Throughout the research for this paper, and over my years of working as a digital measurement strategist with companies like USAA, Travelocity, Dell, HP, Cisco, Microsoft, Best Buy, Home Depot, AARP, and others, there has been a single common thread that tied the analytical competitors together: the presence of a “data dog” in a senior leadership position. While “data dog” may sound derogatory, trust me, it’s not; it’s how great analytically minded leaders describe themselves. They are clear in every communication and in every important decision, data needs to be part of the equation.

One great example is The North Face, a Division of VF Outdoor, which is owned by V.F. Corporation, the holding company that owns The North Face, Vans, and a dozen other clothing and retail brands. According to Mike Mayfield, Manager of Business Intelligence at North Face and a long-time Coremetrics customer, in 2009 after a challenging launch into direct-to-consumer eCommerce, his executive leadership started to aggressively use digital data to guide the business. Their hunger for data, and their deft use of the information and analysis Mike provided, has allowed the company to increase average order value, double online conversion, and perhaps most importantly, capture otherwise obscure opportunities well ahead of their competition.

Case in point: In 2009 Mike noticed that users were searching for variants on the phrase “phone gloves” on the site’s internal search engine. Mike worked with the merchandising team and found a glove with fingertips specifically designed for Apple iPhone users in mind. Based on this search data and the resulting analysis of the potential opportunity, North Face merchants purchased the minimum order of units. They sold out the order completely within the first month of availability.

In 2010, based on their 2009 success and further analysis of the data, North Face merchants ordered 20 times the units and sold them out completely by mid-December. Next year they will order more, especially now that the product has caught on in the market. According to Mike, “on their own the merchant team would have eventually made the decision to try the eTip gloves, but may have only made that decision recently based on product momentum with our competitors. By buying in early based on our analysis, The North Face has captured market momentum for this product.”

What's more, the management team at The North Face and VF Corporation are wisely taking the key insights learned in each of their online businesses and bringing them together under a Council of Brands. This group has standardized on Coremetrics and is able to make apples-to-apples comparisons across the entire family of brands. They are able to see overlapping customers and customer segments and, more importantly, leverage changing behaviors across multiple brands to make product-level decisions.

For the record, this is an incredible use of web analytics technology and expertise.

Managers like the ones at The North Face don't come along every day, but when they do, they bring with them a tremendous investment in web data and the awareness that analyzing and understanding this data is the difference between winning the battle and winning the war. What this means to you depends on who you are and what you do for your organization:

- **If you are a senior leader, strive to become a "data dog" if you're not one already.** Since you are reading this white paper I am assuming that you have a sincere interest in leveraging data to improve your businesses performance. If that is the case, given your seniority I have little doubt you will succeed, but to be truly successful you have to be serious about your desire to obtain and actually use that data to its fullest potential. Think back to the beginning of this chapter: are you asking for and empowering your team to deliver data or recommendations? Are you willing to invest in people, process, and technology to get the job done? Are you wise enough to recognize great analysis when you see it and reward that analysis with smart requests for more analysis? If you answered these questions "yes" then congratulations, you are a great boss and great champion for measurement and analysis. If you answered any of these questions "no" ... call me.

- **If you are a regular employee or junior member of the leadership, look for and align yourself with the "data dogs" inside your organization.** While not 100% conclusive, our research and experience finds a strong correlation between individual success in an analytical role and the expectation and support of good analysis on the part of the management team. Sadly not every manager and leader in business today is a data hound and has the acumen and trust required to take advantage of your particular skills. If you're not sure if you report up to an analytically-minded leader, or worse, if you're sure you don't, my best advice to you is to look to realign yourself with someone who has demonstrated a clear commitment to insights, analysis, and recommendations.

Speaking of trust, when it comes to the manager/analyst relationship, there is nothing more important to both parties, long-term success. Leadership needs to be able to trust the analytics team and their ability to collect, vet, transform, and present often complex data pouring off of the company's digital channels. Similarly, the analytics team needs to be able to trust that, given great analysis and recommendations, leadership will seriously consider and ideally act upon their work product. If either fails, if trust breaks down, the entire organization's ability to be successful with digital analysis and optimization breaks down.

When we do strategy work with clients at Web Analytics Demystified, trust and an appropriate relationship between analysts and managers is one of the key things we are looking for. And while it is nearly impossible to ask someone "do you trust so-and-so and their ability to produce analysis" and get a candid and honest answer, the single best evidence of the breakdown I have described is an over-reliance on dashboards and an unfortunate focus on the bottom of our analytical needs hierarchy.

Self-Assessment: How Good is Your Current Approach?

With all of this in mind, if you want to test yourself and determine how good a job you and your organization are doing today making a strategic use of web analytics, you can do one of two things:

1. You can pay my partners and me to come in and audit your organization's investment and use in people, process, and technology for digital analytics;
2. You can honestly answer the following questions and self-score you and your organization.

Let's assume you'd like to start with the latter and get a high-level assessment of where you are. Place a check in the appropriate column in the table below:

	Yes	Not sure	No
Web analytics is owned by a vice president or better in your organization			
The owner of web analytics is actively engaged with the practice (e.g. gets updates at least weekly and is a "data dog")			
The owner of web analytics often shares analytical output with his or her peers and managers			
Web analytics output is frequently included in the leadership decision making process			
Your analytical output includes "Insights" and "Recommendations" at least 20% of the time			
Your analysts routinely present analysis to middle management (e.g., Manager, Director, VP)			
Your analysts routinely present analysis to senior management (e.g., SVP/EVP/CxO)			
You are staffed appropriately for web analytics (e.g., you spend at least as much on human resources as you do on technology)			
Your analysts spend at least 20% of their time working on analysis			
Your senior analysts spend at least 50% of their time working on analysis			

	Yes	Not sure	No
You have both junior and senior analysts and divvy up responsibilities appropriately			
The majority of your analysts have been with the company for more than two years			
Changes to data collection can happen in less than five working days (e.g., tag new page or add new data point)			
You have a strategy in place today to monitor your web analytics data collection			
It has been more than 12 months since your last data collection failure (e.g., missing data)			
Your dashboards are focused and target information to the audience (e.g., no huge spreadsheets)			
Your dashboards and reports collectively take less than 20% of your team's time to develop weekly (e.g., one total day)			
You have a good relationship with your main vendors and talk to them at least quarterly			
You have had the same web analytics vendor for more than two years			
Your senior owner for web analytics is on a first name basis with a senior leader at your key vendors			
You have an active testing and optimization practice in place (e.g., more than three tests per week on average)			
You have a defined business process for web analytics written down for reference and for training new hires			
You revisit your web analytics business processes at least once per year			
You have a defined strategy for leveraging web analytics across your business			
Your senior leadership is aware of and bought into your web analytics strategy			

When you're done, add up all of the "yes", "not sure", and no "answers" and use this simple breakdown to figure out how you're doing:

- **More than 20 “yes” responses:** Congratulations, you can set this paper down and get back to your busy life as an absolute web analytics rock star. You have accomplished more than approximately 90% of your peers and work in an analytical environment that is to be envied. Never, ever, ever quit your job.
- **Between 10 and 20 “yes” responses:** Great news; you have the potential to transform your digital measurement and optimization organization to deliver significant value back into the business. To take it to the next level consider doubling-down on strategy and business process or upgrading your staff and resources, depending on where you are currently lacking.
- **More than 10 “not sure” responses:** Mixed news, considering that these are pretty high-level questions designed to be answered easily. Either you are not close enough to your organization’s web analytics efforts or, more commonly, the responses are actually “no” and you’re not being honest enough with yourself.
- **More than 10 “no” responses:** Congratulations, you are like 90% of the companies who have invested significantly in web analytics today. Unfortunately that is not good news and your ability to create a business-valuable analytical competency is hampered by a lack of people, a lack of process, or a lack of participation on the part of senior leadership.

At the end of the day, the reality is that with few exceptions most companies can stand to work a little harder to leverage their investment in web analytics and digital optimization technology. There is nothing wrong with this—online analytics is still a new field and, for most businesses, the percentage of revenue derived through connected channels is still quite low.

But it won’t stay low forever.

You have the opportunity to accelerate your organization’s competency and capability for digital measurement, analysis, and optimization to get ahead of the curve. Recognizing the inherent value of committing to creating a well-defined strategy for analysis and investing in the people, process, and technology required to manifest that strategy can be the difference between the Internet as a competitive advantage for your business and the Internet as a constant source of struggle for your business, your employees, and your customers.

To drive that point home let’s consider some real-world examples found within IBM’s Coremetrics and Unica customer bases.

Beyond Dashboards: Real Strategy Applied

Because so many companies out there today are so invested in reports, dashboards, and other low-level analytical output it is likely helpful to provide specific, real-world examples of how companies, brands, and individuals are leveraging the competitive advantage I described in the previous section. If you're doing better than the companies I describe here, I would love to hear from you. At Web Analytics Demystified we collect the experiences, anecdotes, and best practices of digital measurement leaders like some people collect stamps, with passion, exuberance, and an appropriate level of "geekiness" that makes our mothers proud.

Hire Brilliant Analysts

One of the most immediate benefits companies appreciate when they begin to take a more strategic approach towards digital measurement is that higher-quality staff become easier to hire. Given the importance of human resources in pushing output past dashboards to higher value deliverables this is critical, and having a defined strategy creates hiring advantages in multiple ways:

- **Analysts recognize the importance of strategy for their own successes.** Given the severe lack of qualified and experienced resources to fill web analytical roles worldwide, the ability to clearly explain how your business is leveraging analyst skills to create business value is often the difference between hiring the best resources and simply filling seats. Most experienced resources have seen first-hand that a lack of strategy brings-- lack of attention, lack of resources, lack of opportunity-- and are likely to pass on otherwise great jobs in favor of a strategic plan that gives them an opportunity to impact the bottom line.
- **Analytics managers can better elucidate the need for resources.** With a strong strategy in place to govern resource allocation, the analytics manager's job becomes much easier. Instead of having a generalized feeling that everyone is "too busy," hiring decisions can be made based on utilization rates and planned need. For example, online retailers are able to follow Intuit's TurboTax lead and hire analytic talent seasonally, ramping up for analysis and testing competencies during tax time and then rolling back when the season is done.

- **Human resources are easier to work with when a strategic plan is in place.** Because of high salaries and scarce availability, web analysts have a tendency to fall outside of established human resources policy, especially in large companies. When this happens, hiring timelines get even worse since the company will typically spend somewhere between six and twelve months offering far too low a wage to far too senior a job description. With strategy in place the senior leader for web analytics can have an honest conversation with the senior leader for hiring and explain that, at least for the time being, some latitude will be required to make the necessary hires.

Perhaps the best example of the impact of strategy on hiring is Dell, a Web Analytics Demystified client. A truly global organization, our strategy audit of the company highlighted a large gap between investment in technology and the company's current investment in people. Based on our recommendations, the company built out their strategic framework for web analytics and has successfully been able to over-double the number of resources it has focusing on analysis and testing efforts. What's more, recent hires have expressed excitement about the opportunity and their ability to leverage their analytical skills to contribute directly to Dell's bottom line.

Take Decisive Action

As I outlined earlier in this paper, the key to getting value out of any investment in digital measurement is tied tightly to management commitment and the quality of analytical output. That said, given the speed and scale that most large companies run at today, there is also a profound need for great technology. Some great examples of how technology supports taking decisive actions include:

- **Integration of multiple online data drives better targeting and personalization.** One of Coremetrics' customers is a global luxury beauty brand retailer with over 200 web sites around the world. At this scale and volume there is no possible way that staff alone can produce the analysis required to create business benefit. To overcome this, the director of analytics is leveraging both Coremetrics Intelligent Offer™ and Coremetrics

LIVEmail™ integration with their multiple email service providers. Armed with the knowledge that their governance model results in a strong, consistent implementation, the company is able to trust Coremetrics technology to segment and personalize across their global footprint. The results? Four to six times as many opens on LIVEmail segmented emails, influencing over \$500,000 in revenue, and over \$1,000,000 in Intelligent Offer influenced cross-sells in 2010, driven through only 15 of the company's 200-plus sites.

- **Analytics driven personalization drives incremental sales.** Another Coremetrics customer, The North Face, who are lucky to have a pack of “data dogs” in the executive suite, also started to use Coremetrics Intelligent Offer in 2010. Driven by the knowledge that good data can highlight non-obvious sales opportunities, the analytics and merchandising teams deployed the platform to improve their ability to cross-sell. The results?

A 20-fold (2000 percent) increase on cross-sale activity from product pages that resulted in a two percent lift in total site sales during the critical holiday season. What's more, at the holiday peak, Intelligent Offer was influencing over 20 percent of all cross-sale transactions, leaving the company quite pleased with the return on this investment.

- **Good use of dashboards leads to improved user experience.** At Benchmark Brands, regular reporting efforts are focused on “actionable” metrics by CEO mandate. One way this focus manifests is through detailed user experience reporting. According to Sarah Payne, the company's Senior Manager for User Experience and Analytics, Coremetrics custom tags are used to capture granular detail when errors occur. These errors are then categorized, compared to Coremetrics Benchmark™ data, and most importantly, tied back directly to opportunity costs and financial losses. This checkout error dashboard is reviewed weekly

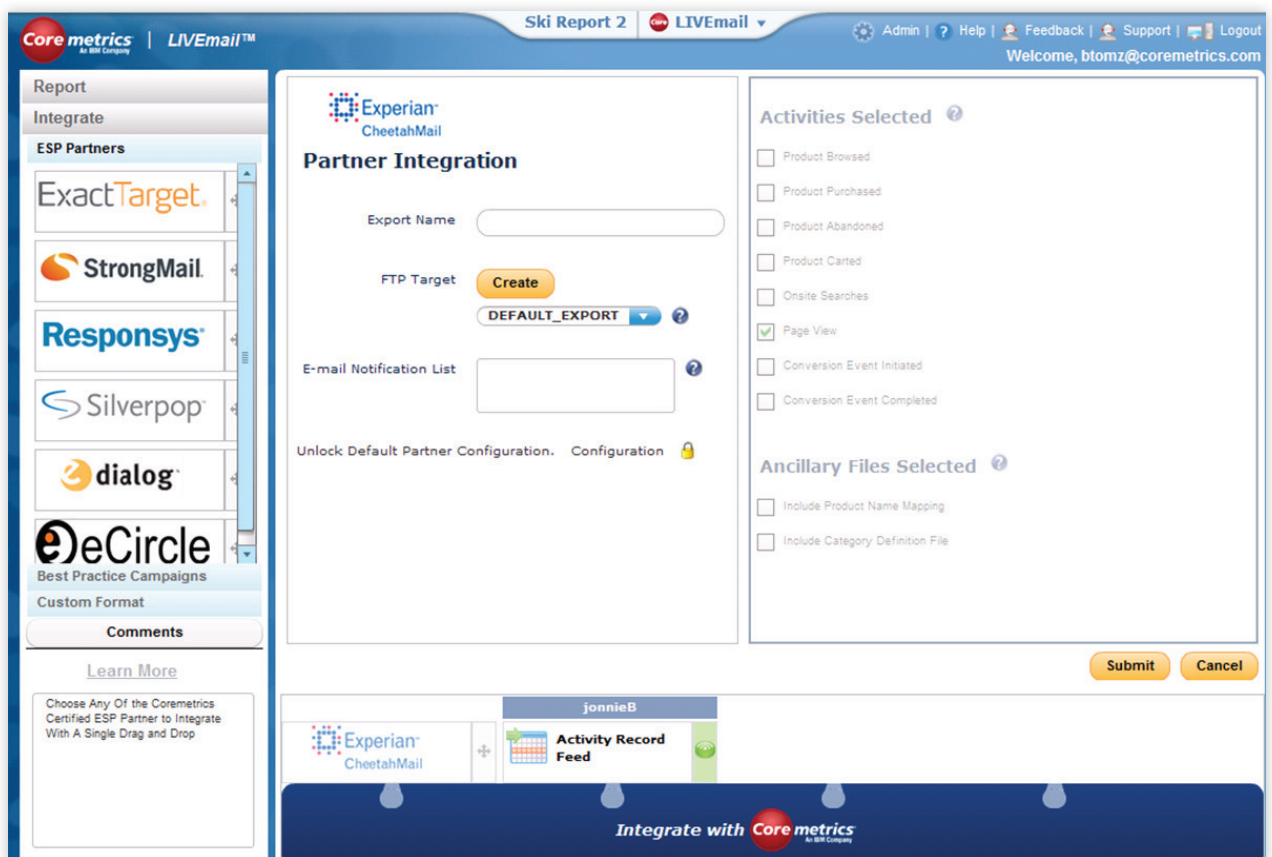


Figure 7. Coremetrics LiveMail™ gives analysts the ability to create robust and easily actioned audience segments.

by the management team, and the effort has led to the allocation of a dedicated resource focusing exclusively on optimizing the site's checkout experience. The result? On a year-over-year basis, Benchmark's checkout start rate has improved by as much as four percent and the cart conversion rate has improved by as much as 15 percent. What's more, the company is seeing double-digit declines in page and session abandonment and, most importantly, a nearly 20 percent decline in customer service calls associated with error related issues.

This list goes on and on, at least within the select group of companies for whom digital measurement is a strategic imperative. While it is possible to use all three of the technologies described above in a non-strategic way, in my experience, the "throw money at it" approach for technology investment rarely drives the same type of action and creates the same level of value we see in these examples.

Expand Your Measurement Horizons

Increasingly, most companies' investment in digital transcends their fixed web properties and includes a mobile and social component. In these cases where measurement requirements are changed based on diverse platforms and limited tracking capabilities, having a defined strategy is usually the difference between success and failure. In the absence of strategy, brute force will likely allow you to get tracking codes in place, but again in my experience, all you'll have is more low-level data that fails to contribute to the success of the business. With strategy in place, however, you have the opportunity to explore the business impact of multiple customer touch-points and better evaluate your investment in emerging platforms in a reasonable way.

If your business is actively working to expand your footprint in the mobile and social arenas I would refer you to a white paper I wrote with OpinionLab in 2010 titled "The Mobile Measurement Framework⁵."

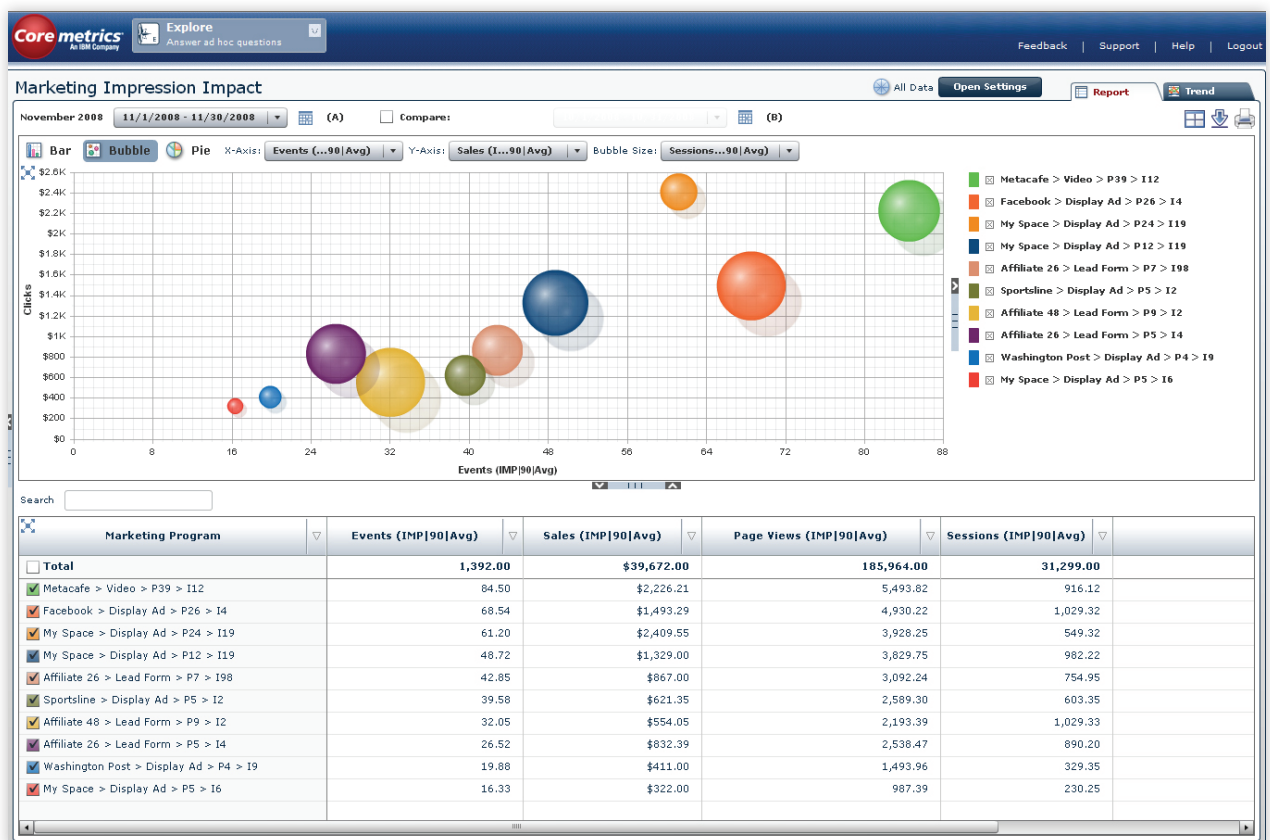


Figure 8. Coremetrics Impression Attribution enables marketers to attribute web site conversions and page views to impressions from marketing initiatives.

In this document I proposed that there is a canonical set of metrics that can be used to describe any interaction, regardless of the technology used or channel leveraged for the communication, that spans both qualitative and quantitative aspects of the relationship and provides a reasonable, financially-based framework for comparisons.

These metrics-- Interactions, Engagement Rate, and Percent Positive Feedback and their financial counterparts Cost per Interaction, Cost per Engaged Interaction, and Cost per Percent Positive Feedback-- can be measured using any reasonably good web analytics package, especially when solid impression-based attribution is available. Coremetrics is an excellent example of this type of technology, owing both to their multi-session visitor profiles ("LIVEprofiles") as well as their unique impression-based tracking solution, appropriately called "Impression Attribution".

Regardless of what solution you use to measure interactions, engagement, and customer feedback, these metrics can be used to radically transform how you evaluate your multi-channel and emerging platform efforts. The result? Especially when the cost of development and marketing of emerging technologies is rolled in, these few metrics combined with a true analytics strategy will give your business an objective and powerful lens through which you can make investment decisions. It's not as if you will stop investing in mobile or social-- let's not kid ourselves-- but what our clients are finding is that their approach towards emerging technology is much improved when put into the context of their historical investment in the Internet.

Develop a Multi-Session-Multi-Platform Point of View

When your level of sophistication in digital measurement increases and your ability to deliver output higher up in our measurement needs hierarchy improves, another amazing thing suddenly happens: you start to understand your visitors and customers in entirely new ways. Having strategy in place gives your business the ability to dig deeper and look across longer time-horizons, dealing with traditionally difficult issues like attribution analysis, behavioral targeting, and lifecycle analytics.

The first topic, attribution analysis, was the subject of Web Analytics Demystified's 2009 white paper with Coremetrics titled "Appropriate Attribution: Addressing the Dramatic Inaccuracies Associated with Last-Based Campaign Attribution in Digital Analytics."⁶ In this paper I discussed the general unease that marketers have with last-touch attribution, especially in situations where sales are complex, cycles are long, or marketing costs are high.

But attribution analysis is not for the faint of heart and requires tremendous diligence on the part of the analyst and organization. Given that many web analytics products still struggle to present multi-session user data, much less multi-session-multi-platform data which is increasingly common with the push towards emerging mobile and social consumer touch-points, your ability to develop a deeper understanding of how your visitors and customers interact with your brand is a straight-line function of your commitment to analytical excellence.

The good news for those of you who are committed is that the return on investment is potentially very high. According to Matt Bailey of Hanover Direct, the catalog and ecommerce retailer behind The Company Store, Company Kids, and other well-known brands, roughly 60% of sales attributed to "last touch" had at least one other campaign response prior to the conversion. "First-click attribution gives me visibility into 40 to 60 percent more keyword-driven sales than the last-click model alone," says Bailey. "As a counterpoint to Lord Leverhume's famous observation, this kind of insight goes a long way towards explaining which 50 percent is working for me, and that is allowing us to continue to profit by our online marketing efforts in an increasingly difficult economy."

Set Expectations Appropriately

One of the most requested yet elusive pieces of information in all of web analytics is the competitive benchmark. Benchmarks provide direct evidence that as a business you should be working harder, or, in some cases, that your efforts have paid off and you have pulled ahead of the pack. Fortunately this information is now more widely available than ever before, at least for Coremetrics (and now IBM and Unica) customers, with the Coremetrics Benchmark product.

⁶ <http://measure.coremetrics.com/corem/getform/reg/wp-appropriate-attribution>

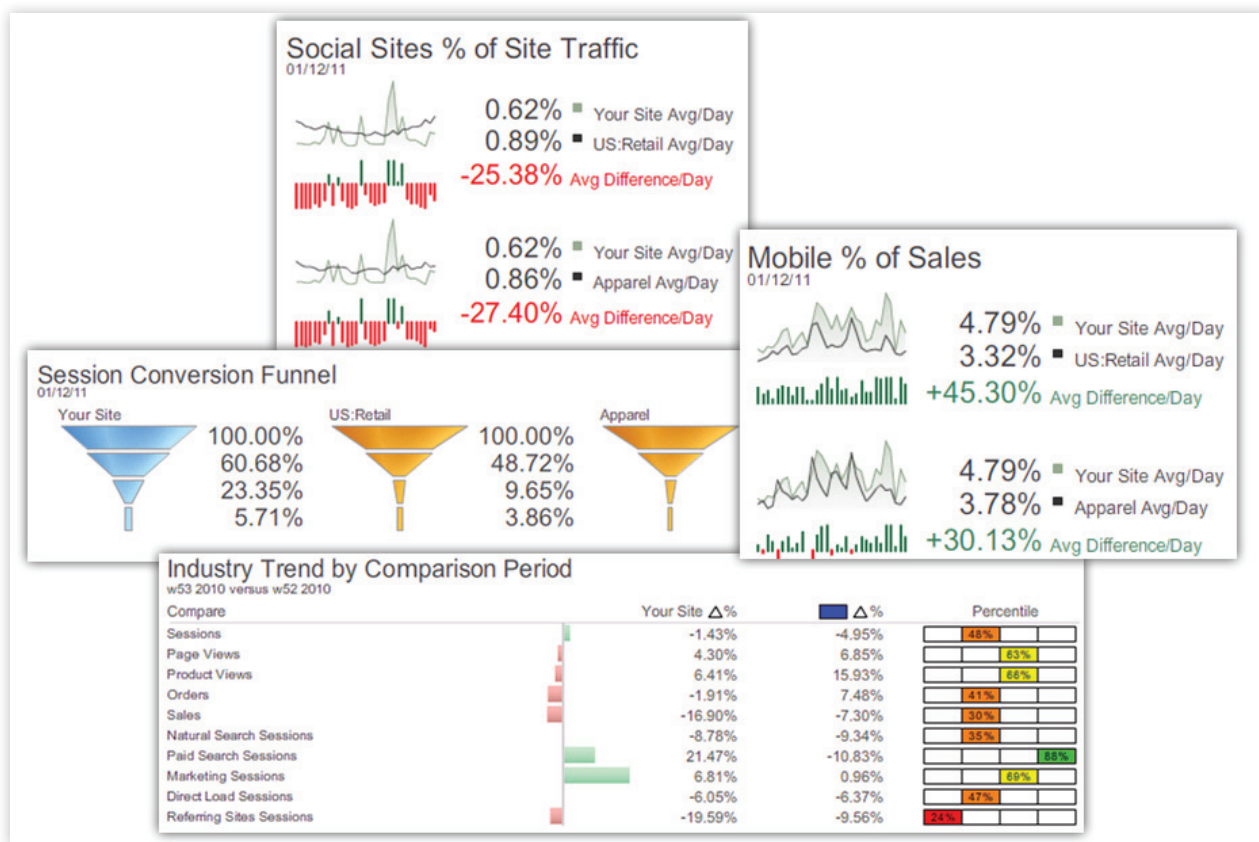


Figure 9. Coremetrics Benchmark allows you to compare your web site performance against other industry leaders and peers.

Given that this data can be had for a price, the consideration is less “where will we find competitive data?” and more “how will we effectively use competitive data?” As is the case in the dashboard description I gave at the beginning of this document, it is incredibly easy to waste the advantage that benchmark-driven insights can confer and allow yet another set of numbers lull you into a deep, data-induced sleep.

If you have access to this type of competitive information I strongly encourage you to fight the temptation to simply report more data and instead follow the lead of Coremetrics customer Bath & Body Works. Backed by Coremetrics Strategic Services consultants, a great proxy when internal resources simply aren’t available, Bath & Body Works successfully leveraged Benchmark data as part of their overarching site optimization strategy. The result? Thirteen percent more visitors reaching critically important product pages on the site, an over 30 percent increase in site search-driven conversions and a five percent increase in search-driven sales order size.

Conclusions

At the end of the day the only reason our clients call us at Web Analytics Demystified asking for help developing their digital measurement strategy is because they want to create a sustainable competitive advantage by leveraging analytics. Chances are, if you are reading this white paper, you are looking for the exact same thing. You've read the case studies and have heard other companies talk about their successes but are still hunting for that elusive combination of people, process, and technology. Maybe you've even made the mistake of developing an over-reliance on dashboards and reports at the expense of establishing a clear strategy to leverage your analytical investments to guide the creation of customers, profits, and shareholder value.

If so, don't despair, but don't let yourself or your business off the hook.

As we enter what I firmly believe will be a "golden age" of digital measurement, analysis, and optimization, my hope is that each reader will take some of the advice and experiences I have shared in this paper to heart and take some action to improve their strategic use of web analytics technology. At the end of the day all that is truly required is recognition and commitment: recognition that where you may be today is likely not where you'd like to be tomorrow, and the commitment to make the changes necessary to develop the capabilities and competencies required to better compete in a digital age.

Getting started is simple! Take the self-assessment in this paper and be honest with yourself. Seriously consider how effective your company is at producing high-value output in the form of analytical insights and trusted recommendations. Be truthful about which of the all-important chasms you have crossed while maturing your web analytics efforts and where you have opportunities to invest in people, process, and technology. And, perhaps, most importantly, stop and consider how important data really is to your leadership team-- do you work for a data dog? Or are you personally stuck under someone who still prefers to make decisions based exclusively on gut feel, instinct, or historical precedence? Not that the latter is definitely a problem, but in my experience the best leaders have found a balance-- they use data to inform and evolve their significant business acumen.

If you find the self-assessment doesn't give you enough detail, give Web Analytics Demystified a call. We work closely with all of the vendors including Coremetrics, Unica, and IBM, and can set you up with a solid strategy to take full advantage of the wonderful technology each has to offer. And even though it's not about technology, at the end of the day in my experience being aligned with a great, forward thinking company who consistently demonstrates a commitment to their customers is often times the difference between frustration and financial success.

The author welcomes your comments.

About the Author

Eric T. Peterson, CEO and Principal Consultant at Web Analytics Demystified, has worked in web analytics since the late 1990's in a variety of roles including practitioner, consultant, and analyst for several market-leading companies. He is the author of three best-selling books on the subject, Web Analytics Demystified, Web Site Measurement Hacks, and The Big Book of Key Performance Indicators, as well as one of the most popular web analytics bloggers at www.webanalyticsdemystified.com.

Mr. Peterson has committed much of his life to the betterment of the web analytics community, so much so that Jim Sterne, President and co-founder of the Web Analytics Association says "Eric's leadership in the industry is unparalleled, his devotion to the community is legendary, and his years of experience translate immediately into strategic and tactical competitive advantage for everybody who works with him."

About Web Analytics Demystified

Web Analytics Demystified, founded in 2007 by internationally known author and former Jupiter Research Analyst, Eric T. Peterson, provides objective strategic guidance to companies striving to realize the full potential of their investment in web analytics. By bridging the gap between measurement technology and business strategy, Web Analytics Demystified has provided guidance to hundreds of companies around the world, including many of the best known retailers, financial services institutions and media properties on the Internet.

For more information on Eric T. Peterson and Web Analytics Demystified, please visit www.webanalyticsdemystified.com.


Coremetrics®, an IBM Company

Coremetrics®, an IBM Company, a leading provider of web analytics and marketing optimization solutions, helps businesses relentlessly optimize their marketing programs to make the best offer, every time, anywhere, automatically. More than 2,100 online brands globally use Coremetrics Software as a Service (SaaS) to optimize their online marketing. Coremetrics integrated marketing optimization solutions include real-time personalized recommendations, email targeting, display ad targeting across leading ad networks, and search engine bid management. The company's solutions are delivered on the only online analytics platform designed to anticipate the needs of every customer, automate marketing decisions in real time, and syndicate information across all customer channels.

Find more information at www.coremetrics.com or call +1-866-493-2673.

Coremetrics has strongly supported online privacy since its inception. To learn more, visit www.coremetrics.com/company/privacy.php

Did you like this white paper?

Tweet about it!  [Twitter](#).



Corporate Headquarters
1840 Gateway Drive, Suite 320
San Mateo, CA 94404
Tel: 877.721.2673

Coremetrics Europe Ltd.
Wellington House
20 Queensmere
Slough
Berkshire
SL1 1DB
U.K.
Tel: +44 (0)20 3393 3450

Coremetrics.com