WebAnalytics**Demystified

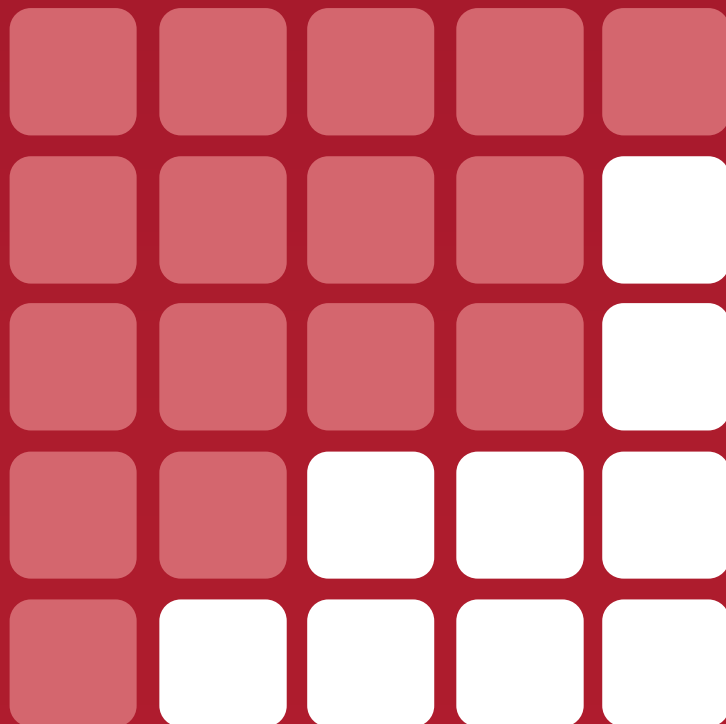# March 2007 Global Survey
Web Analytics Demystified Research Covering Global Use and Attitudes about Web Analytics Technology and Processes

WEB ANALYTICS
ASSOCIATION

March 2007 Web Analytics Survey

Web Analytics Demystified Research Covering Global Use and Attitudes about Web Analytics Technology and Processes

Fifty-six percent of respondents to this survey said that they believed web analytics was "difficult" …

Introduction

In March 2007, Eric T. Peterson, web analytics author and industry thought leader, and Zori Bayriamova, former JupiterResearch analyst and experienced market researcher set out to survey the web analytics community around the world. Leveraging Eric Peterson's extensive database of individuals expressing interest in the topic and his network of contact, Mr. Peterson and Mrs. Bayriamova successfully conducted the largest survey of web analytics practitioners ever completed. Because all participants were actively interested and involved with web analytics, we believe that the overview of this research provides a valuable look into the state of web analytics in 2007. Although the majority of respondents were based in the US, we still collected enough respondents from abroad which will allow us to also provide an overview of non-US web analytics practices.

This document is the first of many reports summarizing research made freely available from Mr. Peterson's organization, Web Analytics Demystified.

Summary

As with all research, this survey set out to test different hypotheses, essentially challenging the conventional wisdom of the day. While a great number of the responses given validated our core beliefs about web analytics usage and practitioners, the following three data contradict our expectations and shake the foundation of web analytics to a greater or lesser degree depending on your particular perspective.

1. When asked "Do you personally believe that the majority of people in your or your clients' organization who come in contact with web analytics data understand the data?" which speaks directly to the overall utility of the data in organizations, 69 percent of respondents said "No" and another 13 percent offered "I'm not sure."
2. When asked to "Indicate your opinion about how easy or difficult you personally think web analytics is?" which broadly addresses the ease-of-use of available tools and the process through which practitioners and consultants apply web analytics to business problems, 47 percent indicated that they believed web analytics was "somewhat difficult" and 9 percent indicated that they believed web analytics was "extremely difficult."
3. When asked "Keeping in mind that this survey is completely anonymous at any time in the last 6 months have you considered looking for a new web analytics job?" which speaks to both employee satisfaction and the overall stability of web analytics initiatives inside organizations, a full 50 percent of respondents indicated "Yes" they had considered looking for a new job.

Now, if we would have said prior to this research "The people who have the most experience with web analytics in your organization don't think many people understand the data, they find web

analytics in general to be difficult, and by the way they're thinking about quitting your organization," well, suffice to say, controversy would arise. But we believe our methodology and approach to this research is strong and well-considered; the rest of this report will build on these three findings and hopefully paint a picture in the reader's mind of the issues and opportunities facing the web analytics landscape today.

The Web Analytics Opportunity in 2007

As previously stated, it is very comforting to us that a great deal of the data collected in our survey is supported by other research, anecdotal information, and our general experience in the web analytics industry. Because of this, we believe that the non-obvious findings in this report are substantial and present significant opportunities for web analytics end-users, consultants, and vendors alike.

The five most important opportunities in our opinion are as follows:

1. **Companies need to recognize that web analytics is not easy, even for the most experienced users of the technology, and respond appropriately.** In our opinion an "appropriate" response would be to invest in education for both analytics end-users and data consumers and, most importantly, to invest in learning and implementing the core processes behind web analytics.
2. **Companies need to recognize that most people inside organizations probably don't understand web analytics data when it is presented to them.** Again, this is a function of the level of investment that companies make in web analytics; the appropriate response is to simplify the reports that are distributed throughout the organization and to staff at appropriate levels to ensure that critical data consumers *do understand the data*. Alternatively, companies are advised to deemphasize "reports" and instead invest in the process of generating "analysis" for key stakeholders.
3. **Companies need to re-evaluate the depth at which they use web analytics and work to understand what "strategic use of web analytics" means.** The pronounced differences between end-users assessment of their use of analytics and that of consultants, most of whom have a more broad view of web analytics deployments, highlights the opportunity available to end-user organizations. While web measurement technology certainly has many good tactical uses, long-term value and high return on investment are typically associated with using the available data to make strategic business decisions. Companies are advised to work to re-assess their current use of analytics and aggressively look for strategic opportunities wherever possible.
4. **Companies must invest in dedicated resources to manage web analytics systems and produce high-quality analysis.** This recommendation remains as true today as it did in 2004 and will likely continue to be true for the foreseeable future. Given all of the other data presented in this report, hopefully you appreciate the complexity and investment required to do web analytics; the notion that any organization will "get it right" on an ongoing basis without dedicating resources is sheer fantasy.
5. **Companies need to invest in the dedicated resources they have by providing**

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them high-value work and high-visibility opportunities. Given that half of all respondents indicate having considered switching jobs in the last six months, and given the sheer volume of experienced web analytics practitioners that responded to this survey, we believe that there is significant risk to companies that fail to invest in the process of doing web analytics. Anecdotally, few experienced web analytics professionals wake up in the morning looking forward to "generating reports"; bright, well qualified people want to ask and answer really hard questions and produce analysis that can positively impact the entire online business. Not giving employees the ability to deliver value almost certainly drives them to look for more money and a better opportunity elsewhere.

The web analytics industry is at a turning point in 2007. Vendors are consolidating, vendor offerings are expanding, and the external support network for companies working to leverage web analytics is positively exploding. Companies serious about web analytics are encouraged to re-examine their current investment in this light and respond appropriately.

About the Research

Methodology

In April 2007, Web Analytics Demystified designed and fielded a survey to web analytics users and consultants recruited randomly through web analytics-related websites and events; a total of 856 web analytics users and web analytics consultants from the around the world completed to the survey. Respondents were asked approximately 20 closed-ended questions about the deployment and use of web analytics tools and processes, personal experience and attitudes related to web analytics, as well as company size and salaries. Respondents received an e-mail invitation to participate in the survey with an attached URL linked to the Web-based survey form.

Approximately 10,000 invitations were sent out to respondents from different parts of the world, resulting in 1,077 responses (response rate of 10%); of these responses, a total of 856 completed the survey from beginning to end (completion rate of 80%). The interest and response to the survey were overwhelming and exceeded all expectations. The response level actually exceeded accepted industry standards for conducting research with non-panel respondents and equaled accepted industry standards for conducting research using an actively managed panel.

Any questions about our survey methodology should be directed to Zori Bayriamova (zori@webanalyticsdemystified.com).

About the Authors

Zori Bayriamova

Zori Bayriamova has five years of market research experience with specific focus on the Internet and new technologies. Currently, Mrs. Bayriamova is a Research Manager at TIME magazine's Consumer Research and Insights team. She oversees primary research efforts for TIME magazine

Future research from this dataset will include both geographic and job-level segmentation.

and TIME.com. Previously, she was at Young & Rubicam where she worked on the Brand Asset Valuator (BAV) team and managed brand rating studies in Canada, Latin America and Asia.

Prior to joining Y&R, Mrs. Bayriamova was part of the primary data research group at Jupiter Research where she collaborated with industry analysts and designed surveys for hypothesis-driven research. Her focus at Jupiter was surveying industry executives from industries like search, web analytics, email marketing, online advertising and IT. She contributed to over 60 Jupiter reports in her final year with them in 2005.

Mrs. Bayriamova is originally from Bulgaria and came to the U.S. in 2000 to earn her Masters in Market Research. She currently lives in New York City and can be reached at Zori.Bayriamova@gmail.com.

Eric T. Peterson

Eric T. Peterson, CEO and Principal Consultant at Web Analytics Demsytified, has worked in web analytics since the late 1990s 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 in 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."

Future Reports Based on this Research

The research in this document is only a high-level overview of the data collected. The data discussed in this report is un-segmented and in some cases results may be skewed by a larger proportion of respondents from the United States. Future research will address this issue by focusing on the following geographic and respondent-derived segments:

- North America
- Europe
- Asia/Pacific
- Canada
- Practitioners
- Vendors
- Consultants

We will likely cover a variety of data-specific segments including deployments strategies and respondent experience with web analytics. To sign up to receive future reports based on this and

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23 percent of respondents to this survey work for **very large companies; 32 percent** work for **very small companies.**

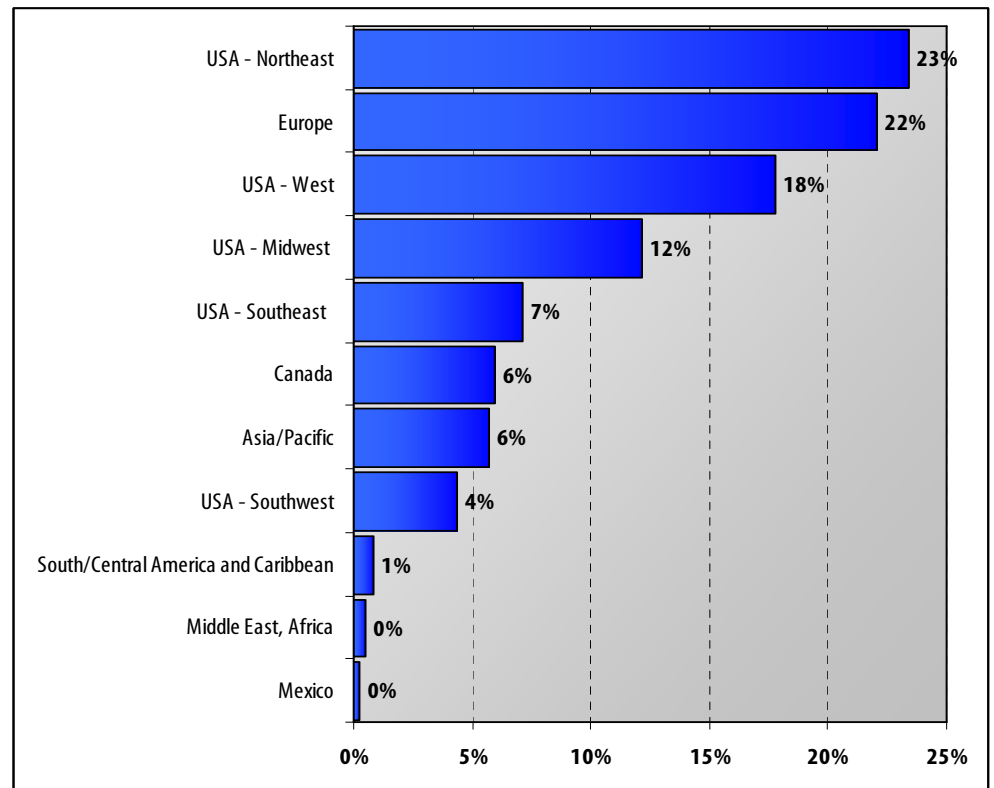subsequently collected data, please visit http://www.webanalyticsdemystified.com/survey/

All Respondents: Overview

One measure of the quality of a survey is how well the distribution of responses fits with both expectations and the established view of the population being sampled. Given that the respondents to this survey were largely web analytics practitioners, either inside end-user companies or working for vendors or consulting groups, we are very pleased with the response.

Our view of the web analytics worker in 2007 is one where increasingly experienced workers are paid a wide range of salaries to conduct work ranging in overall value. While the majority appears to be dedicated to conducting high-value activities for the organization, we believe that our survey over-represents people with a more than passing interest in web analytics and in this regard fails to accurately describe the dominant paradigm that is still very likely characterized by significant under-use of web analytics technology. Finally, half of respondents worldwide indicate that they have recently considered switching jobs, an indicator that companies that currently feel well-invested in technology and staff may be in for a surprise.
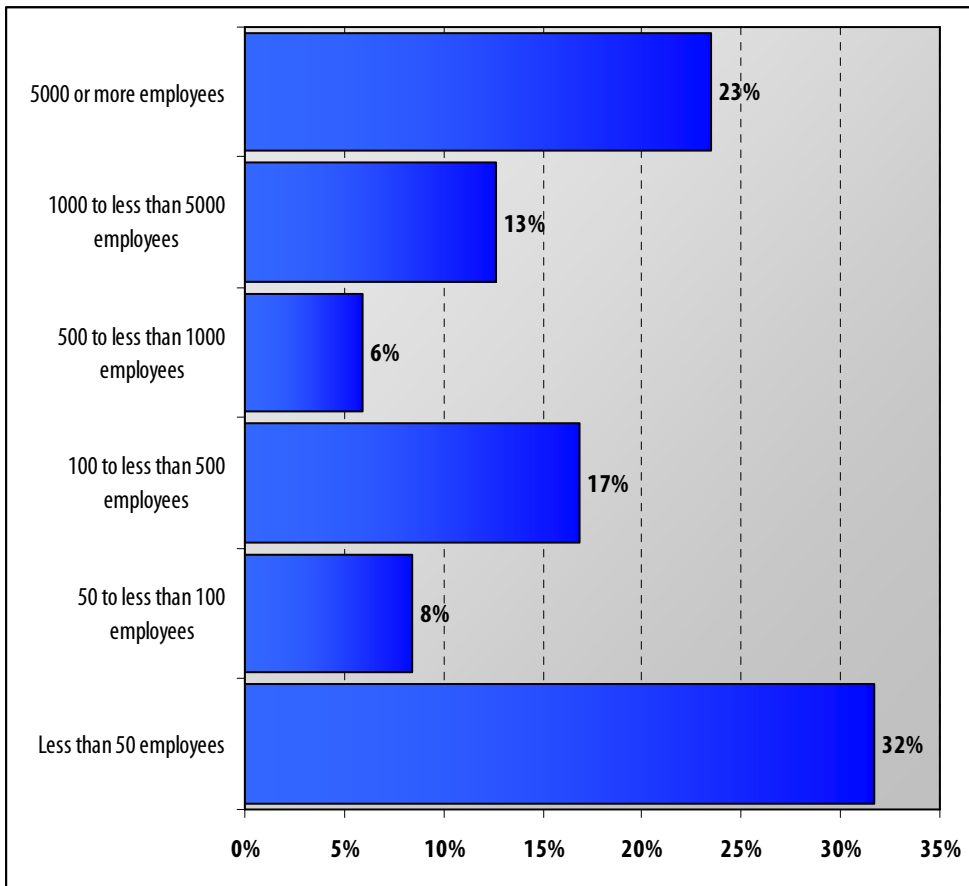
Geography

Question: Where is your current employer headquartered (Select one, n=856 Web Analytics End Users and Consultants)

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Global Use and Attitudes about Web Analytics Technology and Processes

Sixty-five percent of respondents to our survey came from the United States, led by the Northeastern and Western regions. While the distribution of non-North American respondents is not representative of the global population, it does match the general pattern of web analytics application implementations worldwide.

Size of Organization

Size of Organization	Percentage
5000 or more employees	23%
1000 to less than 5000 employees	13%
500 to less than 1000 employees	6%
100 to less than 500 employees	17%
50 to less than 100 employees	8%
Less than 50 employees	32%

Question: Please indicate the total number of employees in your organization worldwide (Select one, n=856, Web Analytics End Users and Consultants)
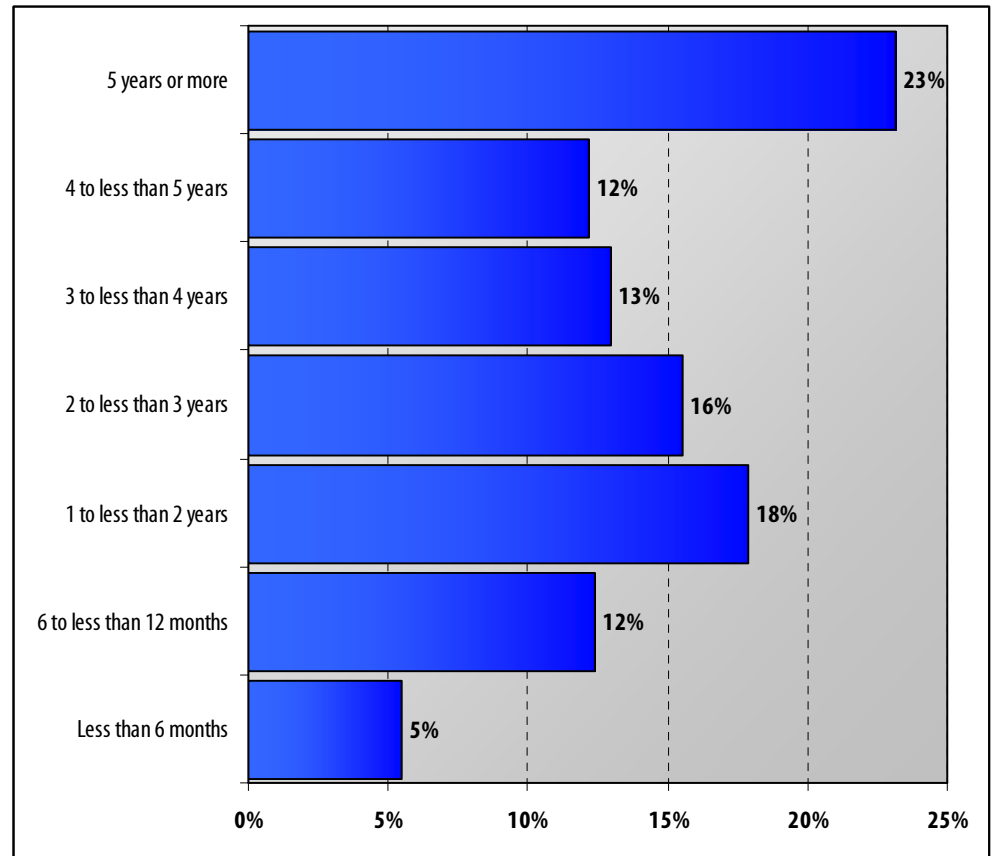
Fifty-seven percent of respondents report working for small companies of less than 500 employees; 32 percent of these respondents report working for very small companies of 50 people or less. Conversely, 23 percent of respondents report working for very large companies of 5,000 employees or more. Again this data fits well with our general understanding of the sales of web analytics applications around the world.

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Thirty-four percent of respondents reporting working on web analytics on a part-time basis; 19 percent report doing so on a full-time basis.

Tenure with Web Analytics Tools

Question: How much experience do you personally have using web analytics tools (Select one, n=856, Web Analytics End Users and Consultants)

Note: Please use caution when drawing conclusions from overall data. We believe that survey results differ based on geography of the respondent. A more accurate overview of this data will be presented in upcoming reports exploring web analytics practices in geography-specific areas.

Seventeen percent of respondents have less than 12 months of experience with web analytics applications, compared to 23 percent reporting 5 or more years of experience. We also provided a response of "None. I don't personally use web analytics tools" to gauge how accurately we had targeted our intended audience; only 4 of 856 respondents (< 1%, not shown) gave this answer.
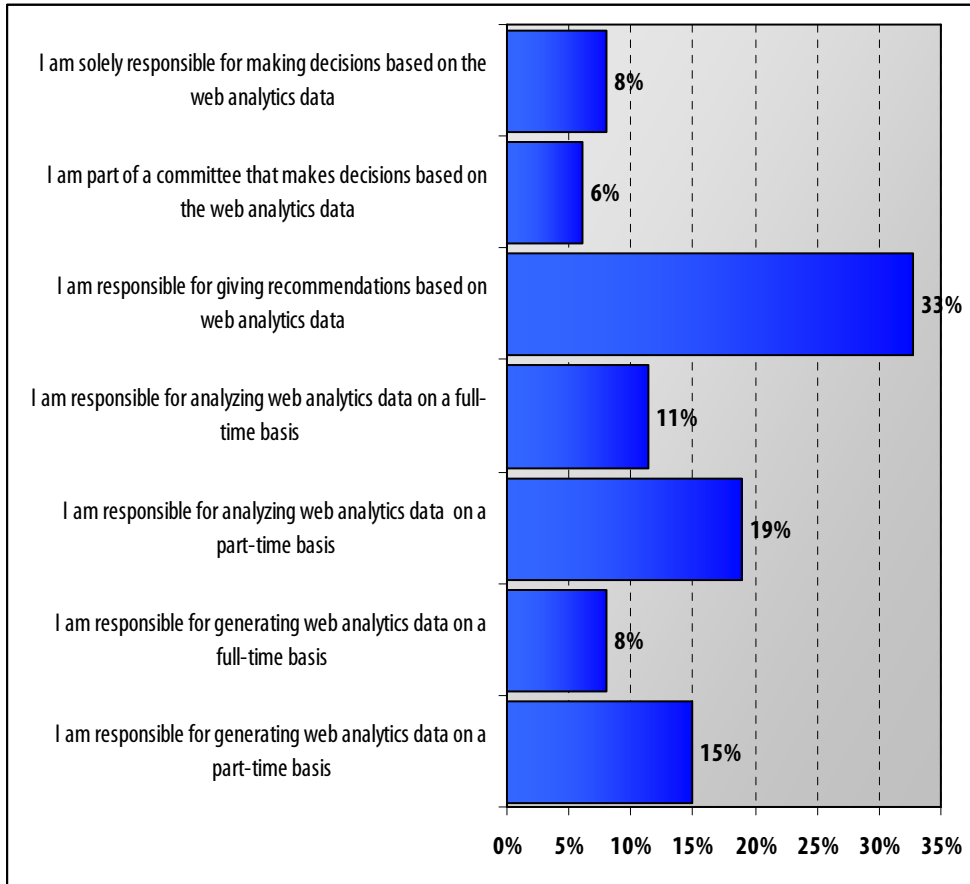
While this data is likely influenced by the U.S.-based response, we were somewhat surprised by the overall percentage of respondents reporting at least three years of experience with web analytics tools (48 percent.) Given the learning curve often associated with web analytics tools, this distribution bodes well for the entire industry, suggesting that the available talent pool is maturing and that companies in need of web analytics project managers and highly experienced analysts are

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likely to find qualified candidates.

Role within the Organization

I am solely responsible for making decisions based on the web analytics data — **8%**

I am part of a committee that makes decisions based on the web analytics data — **6%**

I am responsible for giving recommendations based on web analytics data — **33%**

I am responsible for analyzing web analytics data on a full-time basis — **11%**

I am responsible for analyzing web analytics data on a part-time basis — **19%**

I am responsible for generating web analytics data on a full-time basis — **8%**

I am responsible for generating web analytics data on a part-time basis — **15%**

0% 5% 10% 15% 20% 25% 30% 35%

Question: Which of the following describes the highest capacity in which you personally use web analytics tools and processes (Select one, n=856, Web Analytics End Users and Consultants)

In terms of the amount of time respondents spend doing web analytics, 34 percent of respondents report being responsible for web analytics reporting or analysis on a part-time basis and 19 percent of respondents report being responsible for web analytics reporting or analysis on a full-time basis. A full third of respondents indicate that they were responsible for giving recommendations based on web analytics data and another 8 percent said they were solely responsible for making decisions based on web analytics data.
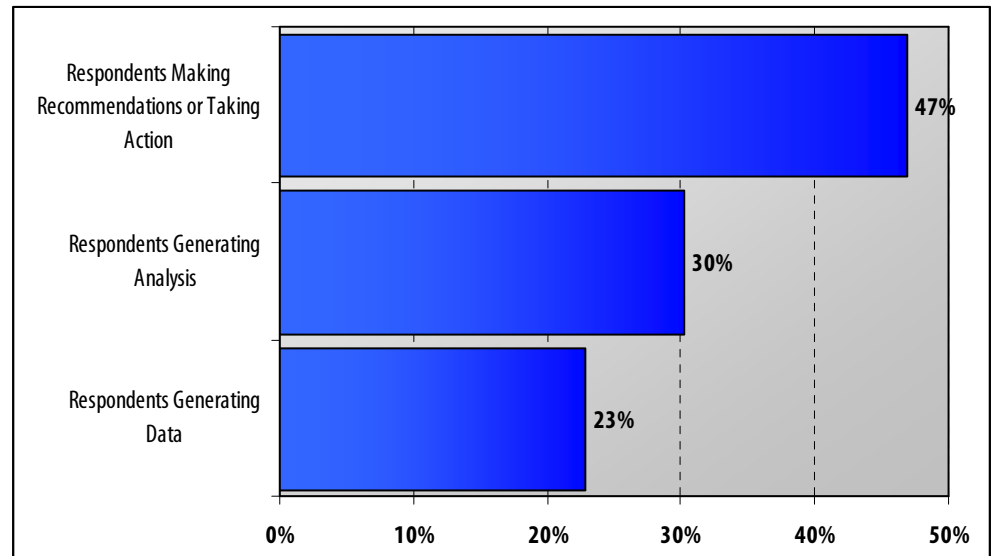
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Twenty-two percent of respondents report earning less than $50,000 USD annually; 20 percent report earning more than $100,000 USD annually.

While this question is complex, our feeling is that this data identifies three general categories of how individuals interact with web analytics data:

1. As an extension of the applications (those respondents generating data)
2. As an addition to the applications (those respondents conducting analysis based on the data)
3. As a conduit between the applications and the business (those respondents giving recommendations and making decisions)

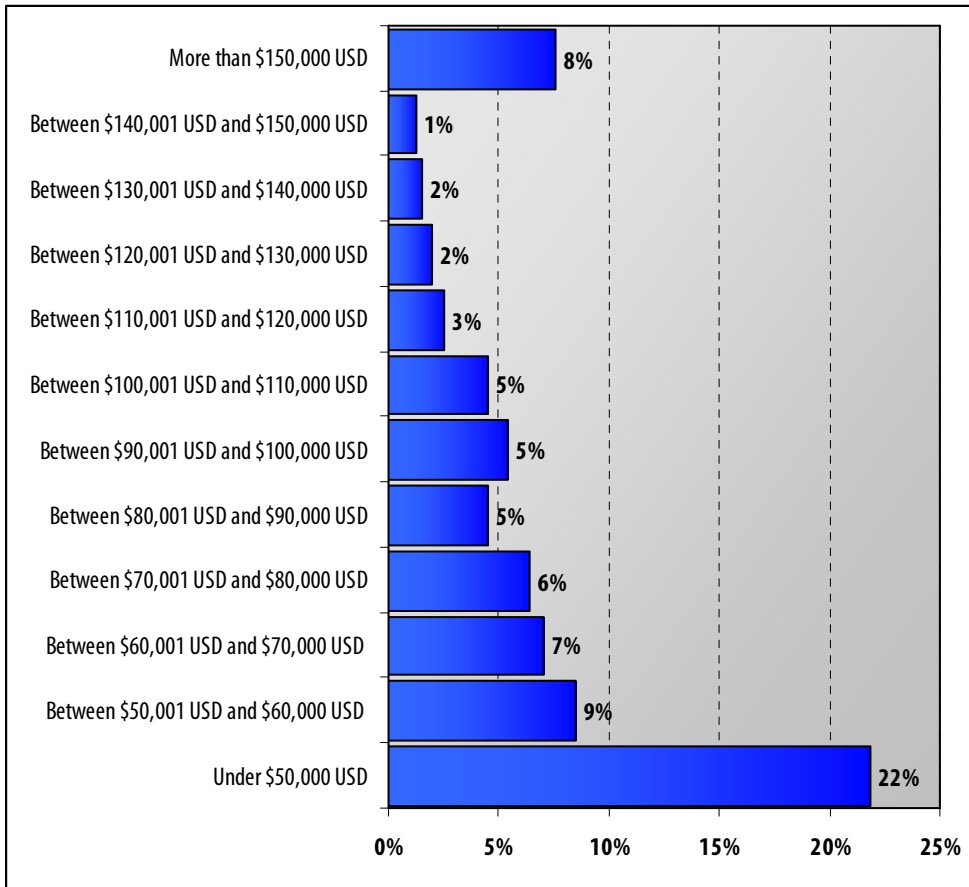Considered this way, we see the following distribution of respondents:

Here you can see a very encouraging trend—the largest group of respondents to our survey report participating in activities typically associated with high-value use of web analytics technology. The audience we targeted for this survey identified itself as having a more-than-passing interest in web analytics; this audience had both requested some type of information or download from Web Analytics Demystified *and* responded to our survey request.

Considered in this context, it is perhaps disheartening that a fifth of respondents are still relegated to the mundane task of generating web analytics data, 8 percent of whom do *nothing but* use web analytics applications to generate reports. While describing this task as "mundane" is somewhat biased, in our experience very few companies derive significant value from web analytics *reports*; most companies anecdotally reporting positive return on investment from web analytics do so because of *analysis* generated and acted upon.

Reported Salary

Salary	Percentage
More than $150,000 USD	8%
Between $140,001 USD and $150,000 USD	1%
Between $130,001 USD and $140,000 USD	2%
Between $120,001 USD and $130,000 USD	2%
Between $110,001 USD and $120,000 USD	3%
Between $100,001 USD and $110,000 USD	5%
Between $90,001 USD and $100,000 USD	5%
Between $80,001 USD and $90,000 USD	5%
Between $70,001 USD and $80,000 USD	6%
Between $60,001 USD and $70,000 USD	7%
Between $50,001 USD and $60,000 USD	9%
Under $50,000 USD	22%

Question: For classification purposes only please indicate your 2006 pre-tax revenue associated with web analytics services. If you are a full-time employee of an organization using web analytics please include your salary and bonus only (exclude benefits). If you are an external consultant or web analytics vendor please indicate your personal salary and bonus only (exclude benefits) associated with web analytics services that you personally provide. Please remember that this survey is strictly anonymous and we have no way of linking answers to individual responses as the survey is hosted on a third-party website. The information collected will only be used to create industry benchmarks (Select one, n=856, Web Analytics End Users and Consultants)

Note: Please use caution when drawing conclusions from overall data. We believe that survey results differ based on geography of the respondent. A more accurate overview of this data will be presented in upcoming reports exploring web analytics practices in geography-specific areas.

Twenty-two percent of respondents report earning less than $50,000 USD annually from web analytics work, and 20 percent report earning over $100,000 USD annually. Interestingly, the largest category of response was "Prefer not to respond" (27%, not shown).
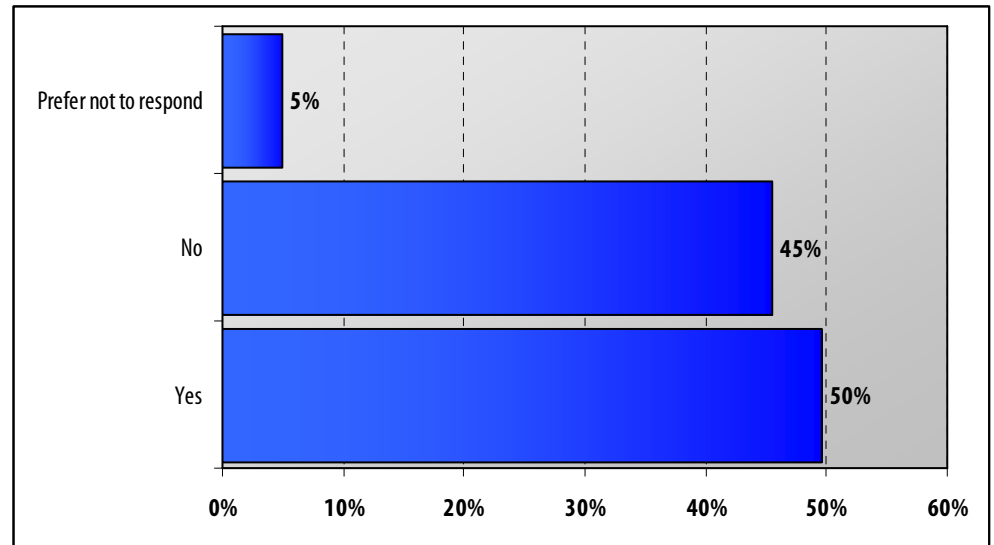
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Seventy-seven percent of respondents report using licensed web analytics tools like Omniture and WebTrends; 22 percent report using free tools like Google Analytics.

As stated above, this data is likely heavily influenced by U.S.-based respondents and will thusly be addressed in greater detail in follow-up reports segmented to specific geographic regions for greater accuracy in comparison.

Thoughts about Switching Jobs

Question: Keeping in mind that this survey is completely anonymous at any time in the last 6 months have you considered looking for a new web analytics job? (Select one, n=856, Web Analytics End Users and Consultants)

Keeping all of the data reported above in mind—differences in tenure, responsibility, and salary—perhaps the greatest risk to any company invested in web analytics is that a full 50 percent of respondents to our survey indicat that in the last 6 months they had considered looking for a new job in web analytics. We view the potential loss of experienced analysts and system operators as one of the most significant risks to the over $500 million[1] in investment in web analytics technology in 2007.

Data presented elsewhere in this report suggests that companies have a tremendous dependence on employees managing organizational use of web analytics technology and processes. Normally this would be fine and reflective of Mr. Peterson's historical recommendation to hire dedicated web analytics resources (see *Web Analytics: Spending, Staffing, and Vendor Selection*, JupiterResearch, 2004). Unfortunately, with time-to-hire anecdotally reported to be six months or more in certain markets, losing resources can significantly disadvantage an organization's ability to benefit from web analytics. Compounded by the wide gap in salary between the lowest-paid and highest-paid practitioners juxtaposed against the data reported here about experience using analytics, We predict that many companies are poised to suffer dramatic setbacks in their ability to leverage web analytics tools.

Actionable Insight: To minimize the impact associated with losing critical employees managing web analytics projects, we strongly recommend taking a process-oriented approach to web site measurement. The implementation of clearly defined and widely understood processes through which the organization leverages the existing investment in web analytics technology allows for both the smooth transition from employee to employee *and* the essential calculation of "what is our investment in web analytics worth?" which often leads to a reassessment of salary and responsibilities for web analytics workers.

(1) Piper-Jaffray private research, personally reported to Eric T. Peterson, based on a combination of earnings statements from Omniture and WebSideStory and reported revenues and growth patterns for WebTrends, Coremetrics, and a handful of smaller U.S.-based vendors.

Web Analytics End-Users

In our survey we asked a differentiated set of questions to those respondents indicating that they used web analytics as part of their jobs as opposed to those respondents who indicated they were some type of consultant or vendor employee. We did this due to the often dramatically different experience reported by these two broad categories.
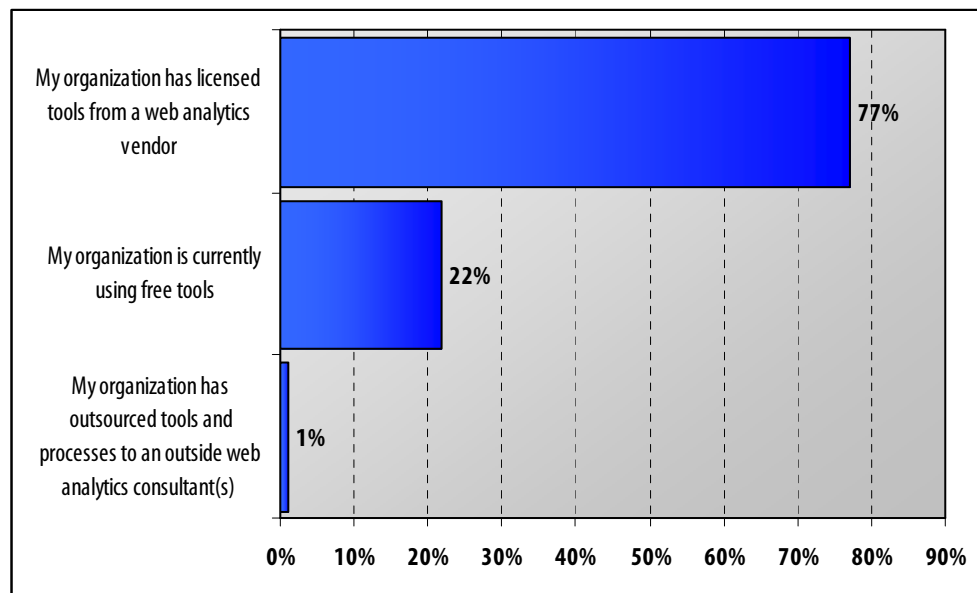
The vast majority of respondents report using licensed (paid) web analytics tools and 40 percent report having run the same primary application for three or more years. These reports indicate that overall sophistication of use of web analytics tools is increasing worldwide. And, while half of all respondents indicate they are making strategic decisions using web analytics tools, a surprising 31 percent of respondents report that web analytics tools and processes are currently answering less than half of the questions they have about visitor interaction on their web sites.

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Thirty-eight percent of respondents report having deployed the primary web analytics tool in the last two years; 40 percent having done so three or more years ago.

Tools Being Used

Question: Please indicate your organization's current or planned deployment of web analytics tools (Select one, n=570, Web Analytics End Users)

Seventy-seven percent of respondents indicate their organization's primary tool for web analytics is one they've licensed, likely from a vendor like Omniture, WebSideStory, WebTrends, Coremetrics, ClickTracks, etc. Twenty-two percent indicate the use of free tools and we at believe this population to primarily be using Google's Google Analytics application. A very small percentage of respondents (1%) indicate that they have outsourced web analytics to consultants, People who picked these responses were filtered out, so that's why it is 0%
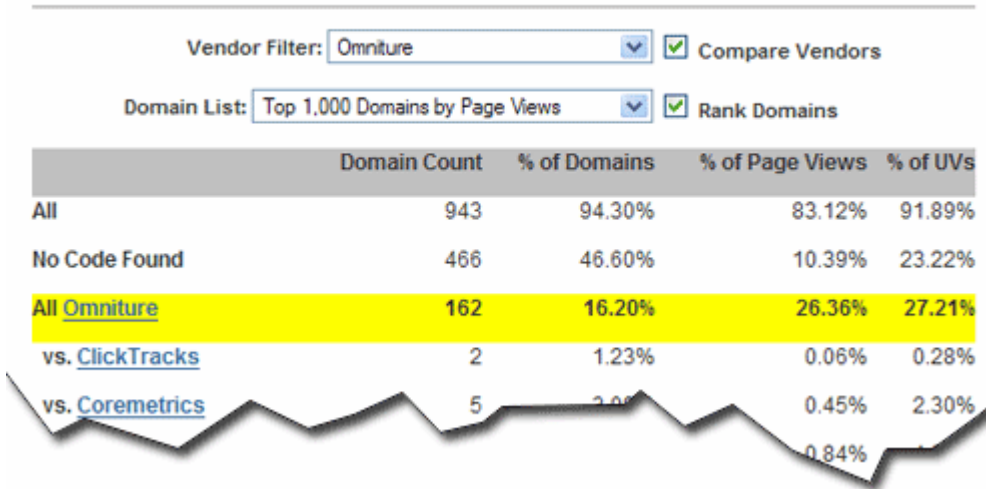
This data is interesting in the global context but will likely be far more interesting as we track responses to this question over time. Given the general interest in Google Analytics, especially based on the recent upgrade which has the potential to create a dramatic shift in the buying patterns of web analytics buyers in the SMB market, many people we've talked to are actively watching the effect that "free software" will have on the overall web analytics market.

Currently, Google Analytics is generally believed to be on over 1.2 million sites around the world; while this number may be a complete fabrication, our own Vendor Discovery Tool (http://www.webanalyticsdemystified.com/vendor_discovery_tool.asp) finds Google Analytics code on 26 percent of the nearly 8,800 URLs currently tracked, including 8 of the top 100 sites and 81 of the top 1,000 sites for which data is available. In this regard, Google Analytics is second only to Omniture whose code is detected on 36 of the top 100 sites and 163 of the top 1,000 sites for which data is available. Interestingly enough, the Vendor Discover Tool reports that 12 of the top 1,000 sites have *both* Omniture and Google Analytics code.
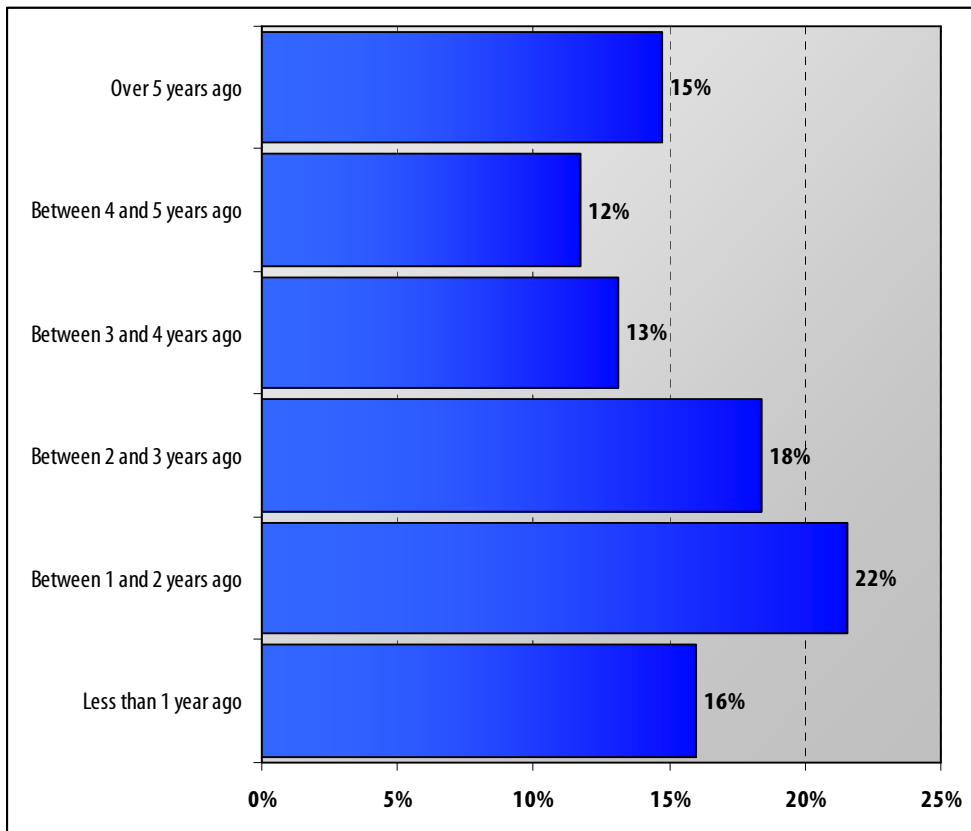
Example report from Web Analytics Demystified Vendor Discovery Tool

Years Using Primary Tool

Question: When did you first deploy your primary web analytics application? If you've deployed

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The research is clear on this subject: It is critical that you dedicate resources to web analytics projects.

multiple applications please answer about your organizations' PRIMARY web analytics application (Select one, n=570, Web Analytics End Users)

Note: Please use caution when drawing conclusions from overall data. We believe that survey results differ based on geography of the respondent. A more accurate overview of this data will be presented in upcoming reports exploring web analytics practices in geography-specific areas.
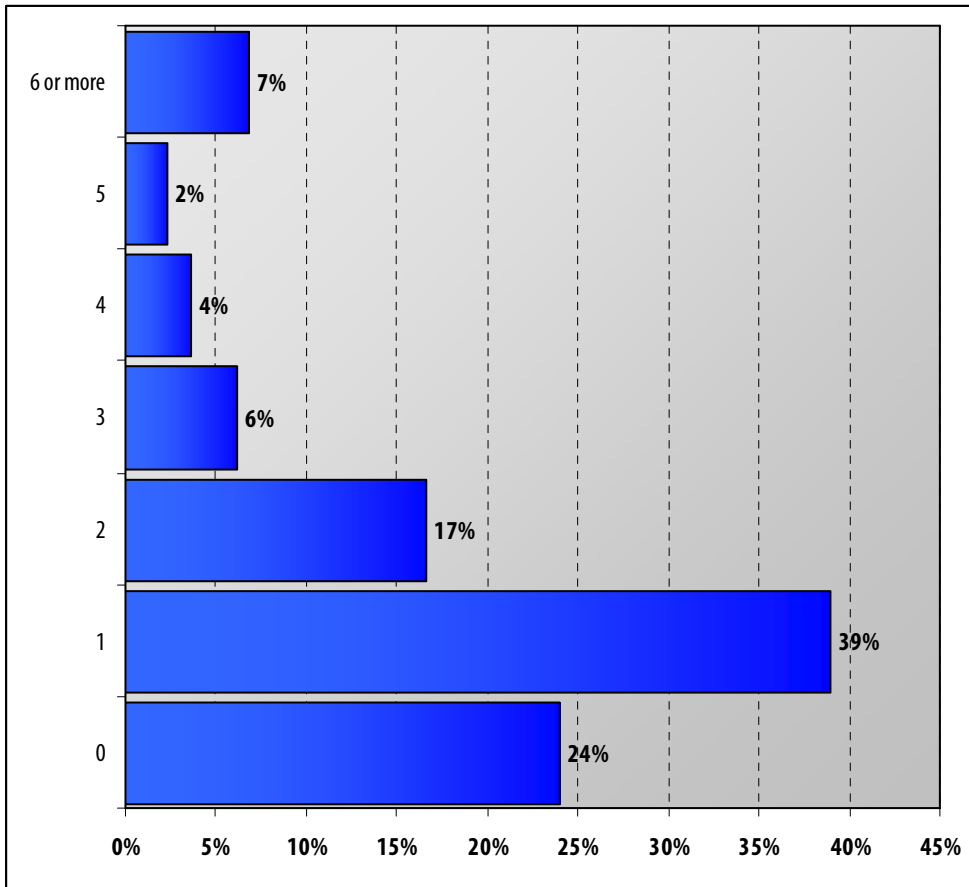
Thirty-eight percent of respondents report that their companies deployed their primary web analytics application within the last two years; 40 percent report having deployed their primary application three or more years ago. The later percentage is interesting given that in the early part of this decade many companies switched vendors every few years, anecdotally swapping out technology in their search for web analytics success. If this sample is truly representative (see note above), the fact that two-in-five companies have kept the same system in place for at least the last three years suggests that either the available technology has finally become mature *or* companies are starting to recognize that web analytics is more about *how you use the technology* than the technology itself.

Given high switching and opportunity costs, we believe that companies that have deployed industry leading technology are better off maintaining established vendor relationships whenever possible. Except in rare situations involving repeated violations of service-level agreements (SLAs) or the even rarer situation where existing needs truly exceed available functionality, most companies will benefit from looking inward for opportunities to improve their approach towards web measurement.

Number of Staff Dedicated

Question: In total how many full-time employees or full-time equivalents (FTE) in your organization are dedicated to web analytics related projects? Please include all employees who are currently spending at least 50% of their time on web analytics related projects. Two employees spending 50% of their time equals 1 FTE (Select one, n=570, Web Analytics End Users)

Note: Please use caution when drawing conclusions from overall data. We believe that survey results differ based on geography of the respondent. A more accurate overview of this data will be presented in upcoming reports exploring web analytics practices in geography-specific areas.

Sixty-three percent of respondents report that their organizations have either one or zero staff resources dedicated to web analytics projects. We suspect that some of the 39 percent of companies reporting one resource are rounding up their response and that the number of companies dedicating at least one resource is still roughly half of all respondents. Additionally, responses to this question are almost certainly influenced by the audience surveyed. If this is the case, the total percentage of companies dedicating resources to web analytics projects continues to be woefully inadequate.
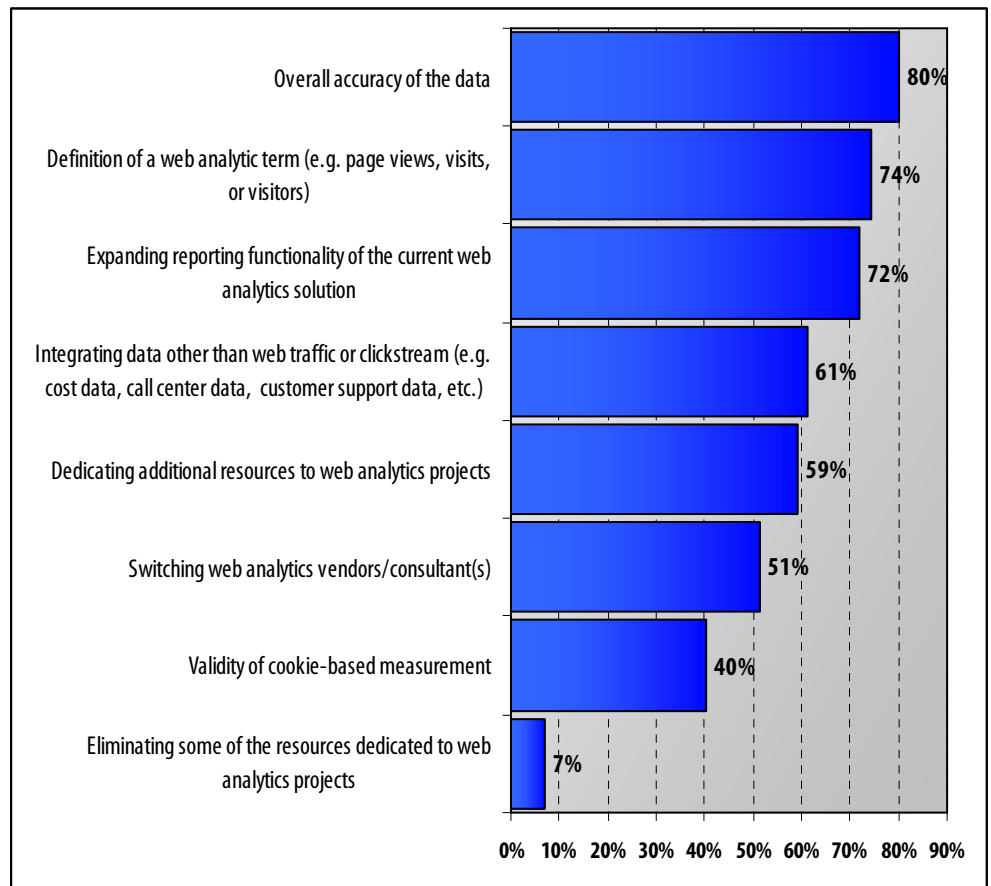
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Over half of survey respondents say they're focused on using web analytics data to support **strategic decisions** within the organization.

While challenges associated with staffing certainly exist, the case for dedicated resources is clear, compelling, and well supported by countless case studies and success stories. Since JupiterResearch's 2004 report *Web Analytics: Spending, Staffing, and Vendor Selection* the rationale behind dedicating resources has been well understood. More recently, Forrester Research outlined the value of hiring for web analytics projects, going so far as to calculate the estimated return on investment from dedicated staff (see http://www.forrester.com/Research/Document/Excerpt/0,7211,39811,00.html.)

Actionable Insight: If you don't currently have full-time staff dedicated to managing web analytics, seriously consider beginning the process of rectifying that situation. Depending on the size of your organization and the complexity of your web analytics deployment, different types of resources may be more or less appropriate; don't assume that your first hire should be an analyst. Web Analytics Demystified offers staffing support services to help companies assess the need for dedicated resources and assistance in making that first, critical hire. More information about these services is available at http://www.webanalyticsdemystified.com/inc/staffing_support.asp.

Ongoing Discussion about Web Analytics

Category	Value
Overall accuracy of the data	80%
Definition of a web analytic term (e.g. page views, visits, or visitors)	74%
Expanding reporting functionality of the current web analytics solution	72%
Integrating data other than web traffic or clickstream (e.g. cost data, call center data, customer support data, etc.)	61%
Dedicating additional resources to web analytics projects	59%
Switching web analytics vendors/consultant(s)	51%
Validity of cookie-based measurement	40%
Eliminating some of the resources dedicated to web analytics projects	7%

Question: Which of the following problems related to web analytics data collection **have** occurred

in your or your clients' organization in the past 12 months? (Select one, n=570, Web Analytics End Users)

Unsurprisingly, "accuracy" topped the list of organizational issues under discussion, reported by 80 percent of respondents. What is interesting, though, is that only 40 percent of respondents had discussed the validity of cookie-based measurement, a common topic when the issue of data accuracy arises. Regardless, these two data combined with the 74 percent of respondents who report having conversations about the definition of web analytics terms suggests that organizations are still very much concerned about the quality of data reported by web measurement systems.

Vendors should be moderately encouraged by the fact that so many respondents indicate interest in expanding reporting functionality (72%), data integration projects (61%) and dedicating additional resources to web analytics projects (59%), which usually serves to increase the depth with which existing technology is used. However, this news should be tempered by the fact that just over half of respondents (51%) indicate that they had discussed switching vendors and/or consultants.
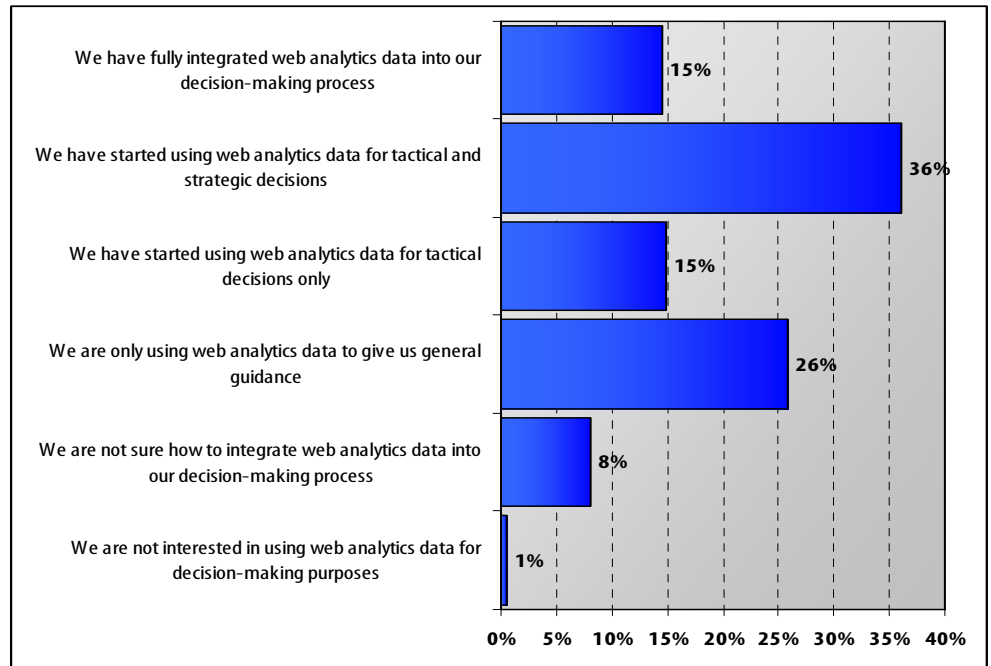
Perhaps most interesting is the 7 percent of respondents that indicate that they've talked about eliminating some of the resources dedicated to web analytics projects. Anecdotally, some companies have grown frustrated with their inability to generate return on investment from web analytics projects. One company known to the authors fired their sole web analytics resource based on their organizational inability to take advantage of the available data, preferring to cut their losses than work to integrate measurement into their design and development processes. In our experience, "flying blind" is a luxury few companies can actually afford and is, consequently, irresponsible.

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The *ad hoc* usage of web analytics applications is **strongly** correlated with a lack of dedicated resources.

Integration into the Organization

Question: Which of the following aspects related to usage of web analytics data were discussed within your organization in the past year? (Select all, n=570, Web Analytics End Users)

Over half of survey respondents say they're focused on using web analytics data to support strategic decision making within the organization. Fifteen percent of respondents worldwide indicate that their companies have fully integrated web analytics data into their decision making processes and an additional 36 percent say they've started using web analytics data both tactically and strategically.

We believe the difference between tactical and strategic use of web analytics is best exemplified by the questions "Which keywords should we bid more or less on?" and "How does our paid search marketing strategy fit into our overall online marketing efforts?" The former question is very tactical and the latter highly strategic. Given the value often associated with strategic usage of web analytics, compnies asking the latter type of question are to be commended for the work they're doing.
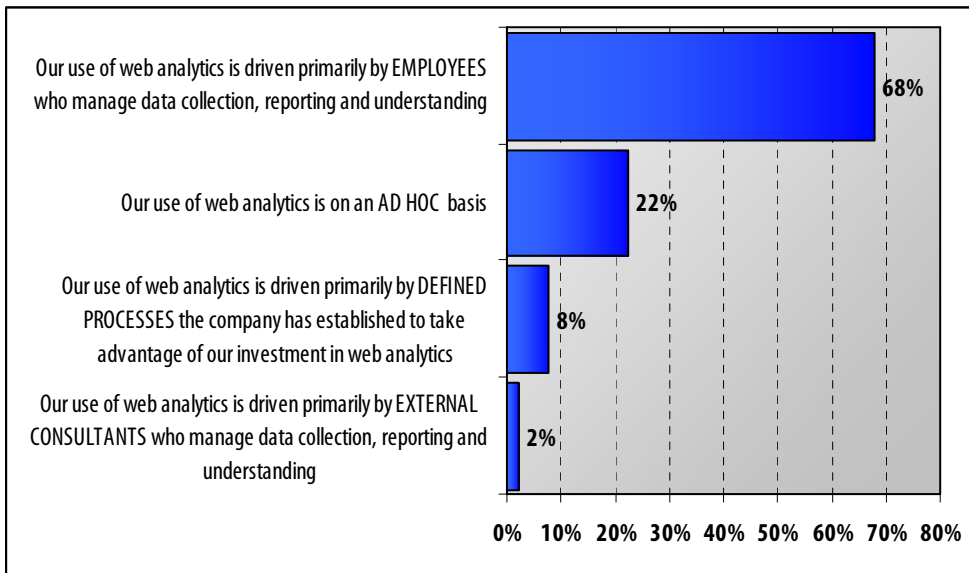
Collectively, 65 percent of respondents indicate that they're using web analytics to make some kind of tactical or strategic decision, which bodes well for the industry in general given that the "return" component of ROI is dependent on using the data to make some kind of decision. Contrast this group with the 26 percent of respondents reporting that web analytics is only providing general guidance and the 8 percent unsure how to integrate web analytics into the decision making process.

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Actionable Insight: If your organization is only using web analytics data to provide general guidance, or you're unsure how to integrate this data into your businesses decision making process, call your vendor. Every major vendor known to us should be happy to take a call from a customer wishing to learn more about how to benefit from their application. White papers and online presentations are good, account managers and professional services staff are better, but both types of resources will help clarify the value proposition associated with your existing technology investment.

Approach towards Web Analytics Usage

Question: Which of the following statements best describes the way your organization manages web analytics processes? (Select one, n=570, Web Analytics End Users)

No great surprise—given our participant selection criteria and other data presented in this report that the vast majority of respondents indicate that their use of web analytics is driven by employees managing data collection, reporting, and understanding. As discussed earlier, since 2004 there has been a clear mandate for companies to assign resources to web analytics projects and give those employees ownership and responsibility over web analytics technology.

In contrast, the 22 percent reporting only *ad hoc* usage of web analytics is strongly correlated to the 24 percent of companies reporting "0" assigned resources to web analytics projects. This is further evidence that an organization's ability to derive value from their investment in web measurement is directly tied to the dedication of appropriate resources. In Web Analytics Demystified's opinion, *ad hoc* usage—essentially a lack of commitment to the use data and tools already being paid for—is far more likely to produce a *negative* return on investment given the ongoing costs associated with most web analytics tools.

Of greatest interest to the authors is the 8 percent of companies indicating the use of defined
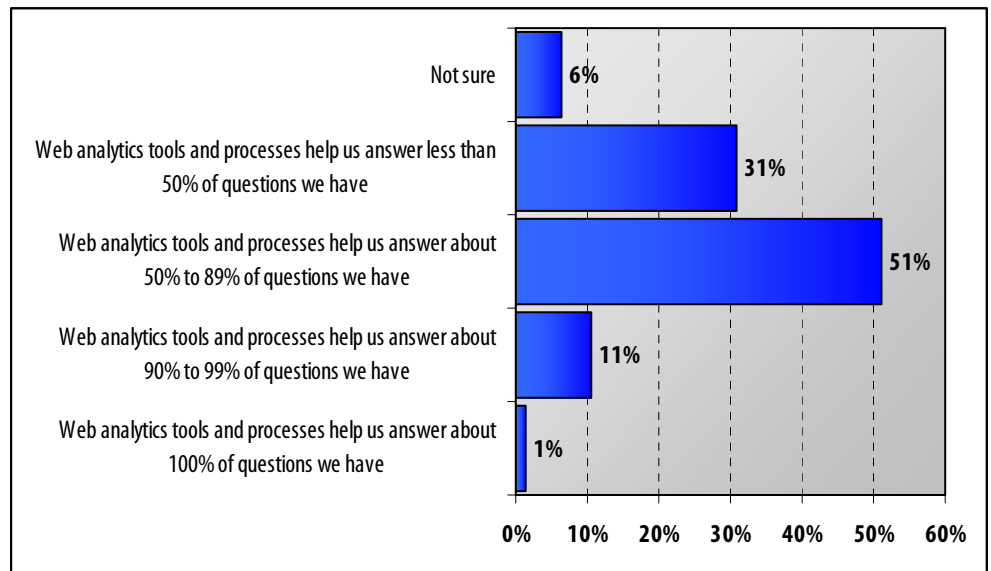
WebAnalyticsDemystified

processes the company has established to take advantage of their investment in web analytics. As of yet unpublished data shows that, at least in the U.S., there is strong correlation between having dedicated resources and taking a process-oriented approach, data that reinforces the notion that hierarchically a process-driven approach is superior to employee-based management. In other words, 8 percent of respondents when faced with the choice of "employee managed" and "process driven" chose the latter, a strong indication of the accuracy of this response.

We strongly believe that process-orientation is the right approach towards web analytics. Our white paper *The Web Analytics Business Process: Making the Case for a Process-Driven Approach to Web Site Measurement* (available at www.webanalyticsdemystified.com) clearly outlines our views on the subject and includes additional U.S.-based data from this same survey highlighting the value of a process-driven approach.

Ability of Web Analytics to Answer Questions

Question: Please indicate how helpful your web analytics tools and processes are in terms of answering questions about online users interaction with your website (e.g. visitors' behavior web site traffic and online marketing efforts) (Select one, n=570, Web Analytics End Users)

Perhaps of greatest surprise to the authors in the response to this question was the relatively large group (31%) that indicate that web analytics answers less than half of the relevant questions they have about user interaction with their web sites. Given that the question is designed to speak to the fundamental value proposition of web measurement technologies, the response that nearly one-third of respondents indicate some level of failure in this regard is perhaps a poor reflection on the quality of available tools.
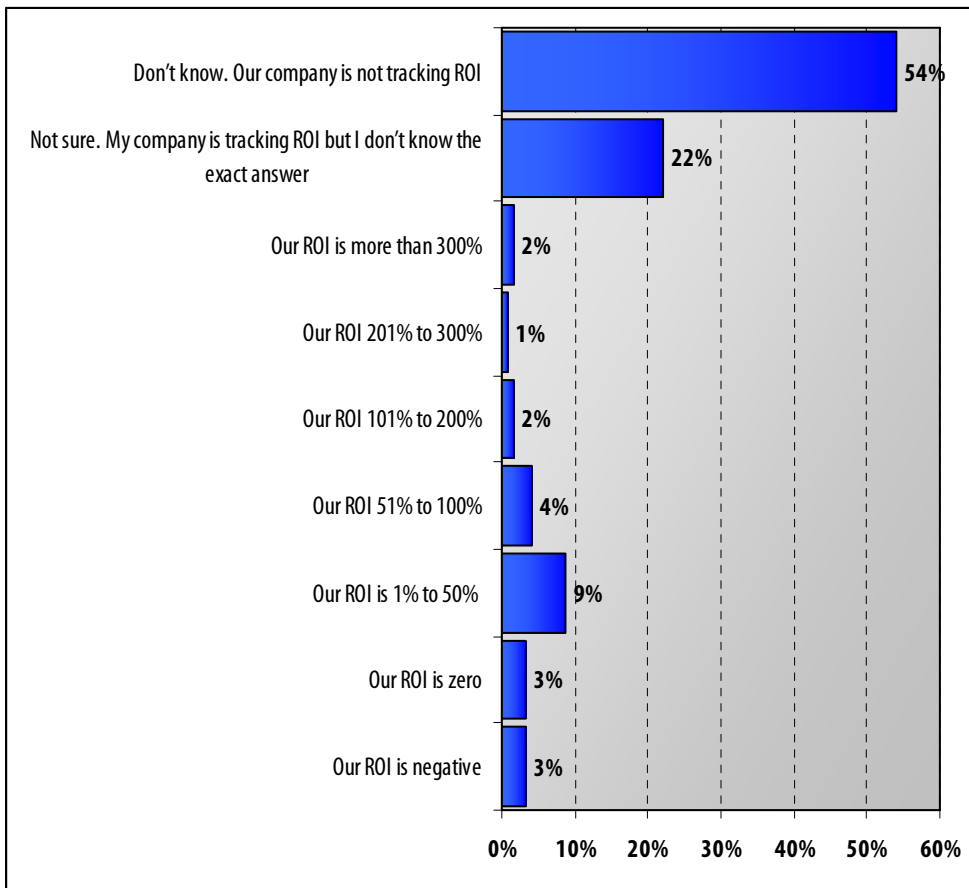
We were also moderately surprised by the 12 percent of respondents indicating that 90 percent or better of their questions are currently being answered by available tools and processes (especially

the 1% indicating *all* of their questions are being answered.) At this end of the spectrum, we're either detecting incredibly sophisticated end-users of web analytics or end-users asking relatively simple questions that are easily answered. Regardless, satisfaction with web analytics tools is partially a function of the technology's ability to answer the questions you have at the time; so this 12 percent does provide some counterbalance to the 31 percent indicating difficulty using available tools.

Return on Investment from Web Analytics

Question: Please indicate your organization's overall return on investment (ROI) in web analytics tools and processes in regards to your total investment. Please include investment in licensed software services and salaries associated with employees dedicated to running data and generating reports. Please include all employees who are currently spending at least 50% of their time on web analytics related projects (Select one, n=570, Web Analytics End Users)

Obviously the most shocking data is the 54 percent of respondents who indicate that their companies are not tracking return on investment from web analytics tools and processes, followed only by the 3 percent of companies reporting a negative ROI. While tracking ROI from web analytics projects is not particularly easy, in our experience having the ability to calculate the
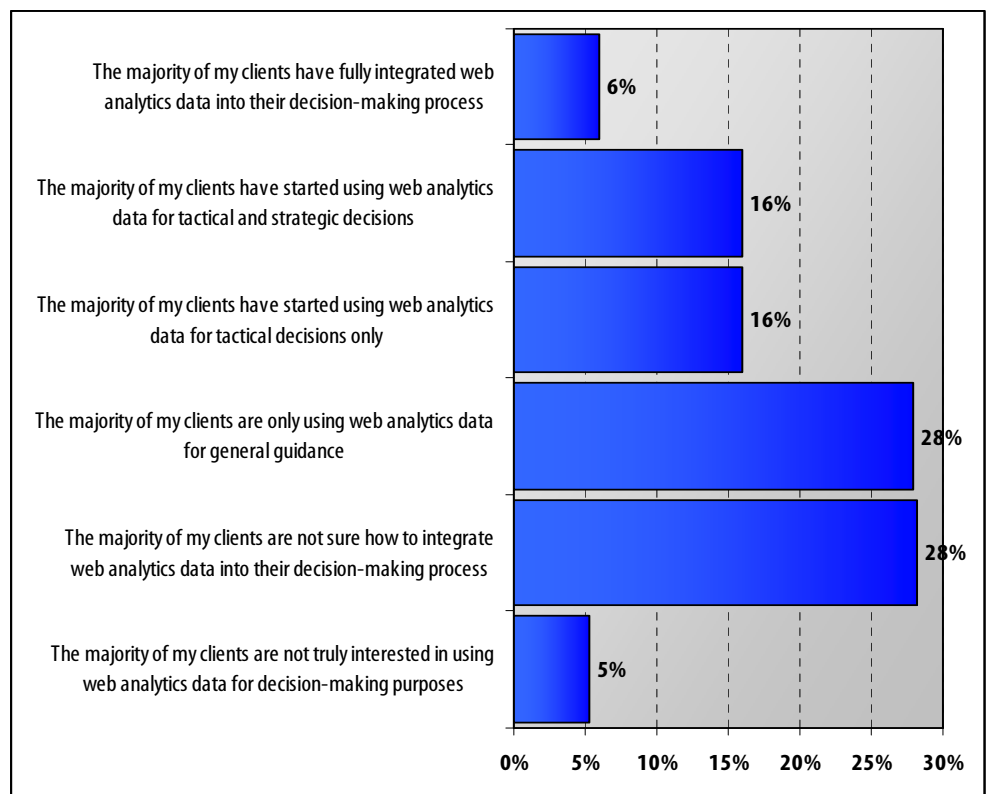
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incremental value associated with measurement technology dramatically improves the visibility and interest in web analytics throughout the organization.

Web Analytics Consultants

In our survey, we asked a differentiated set of questions to those respondents indicating that they were some type of consultant or vendor employee given the often dramatically different set of responsibilities faced by web analytics users not working for a single, end-user organization. Our working assumption is that consultants are *typically* more experienced users of web analytics technology and are likely able to be more objective in their assessment based on comparative experiences with a variety of clients and customers.

In a nutshell, the consultants' viewpoint of their client's use of web analytics is a dim view indeed given that two-thirds report that their client's use of web analytics is inadequate. While end-users were very optimistic regarding their strategic use of web analytics, consultants' likely working with the same or very similar organization painted nearly the opposite picture. Thirty-three percent of consultant respondents indicate that their clients are either uninterested or unsure how to integrate web analytics data into the decision making processes; this number swells to 61 percent when you roll in only using web analytics for general guidance.
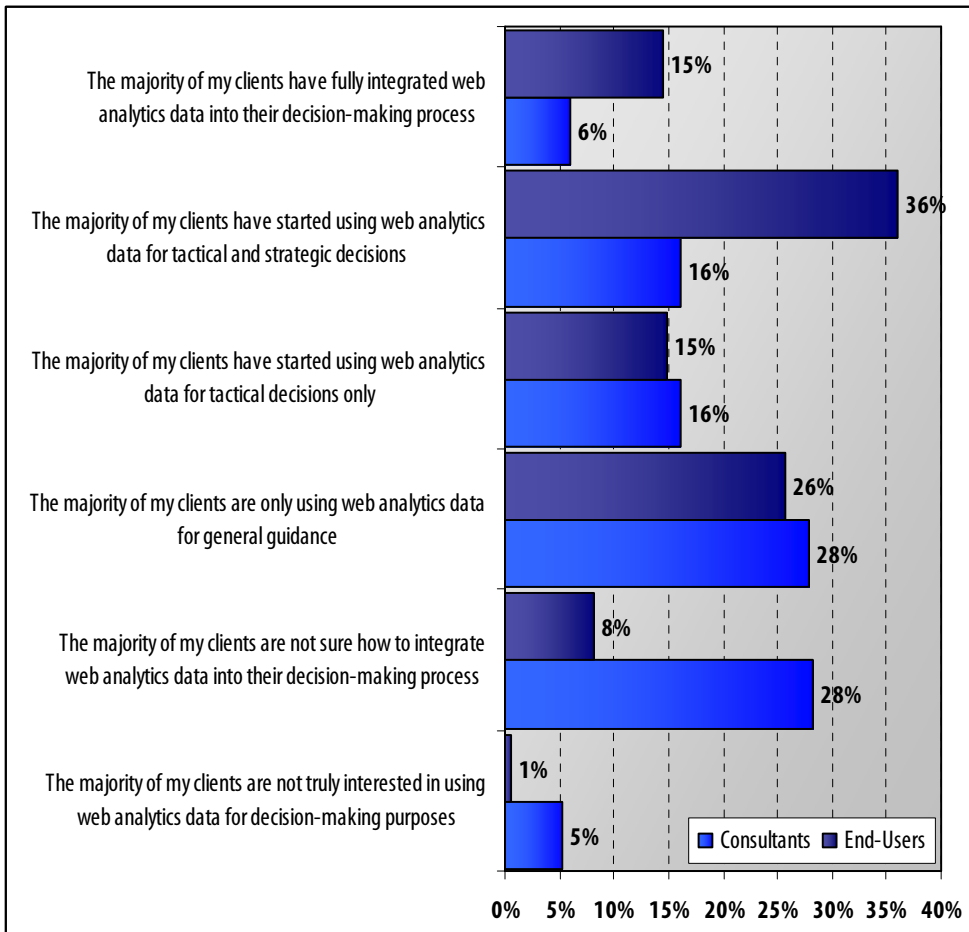
Integration into the Client Organization

> This research identifies a **substantial gap** in the way **end-users** perceive their use of web analytics compared to how **consultants** perceive their client's use of web analytics.

Question: Please indicate to what extent web analytics data is integrated into your clients' decision-making process? (Select one, n=287, Web Analytics Consultants)

Most interesting in the response to this question is how dramatically different these responses are when compared to those coming from end-users asked *the exact same question.* The following graph contains both the responses from end-users and consultants:

As you can see, consultant respondents to this survey paint a somewhat more bleak but perhaps more realistic picture of how web analytics data is being used in their client organizations. Thirty-three percent of consultant respondents indicate that their clients are either uninterested or unsure how to integrate web analytics data into the decision making processes. And while there is some similarity in responses regarding the use of web analytics for general guidance and some tactical decision making, the consultant viewpoint appears to be that few clients' are making truly strategic use of their investment in web analytics (22% of consultant respondents versus 51% of end-user respondents).
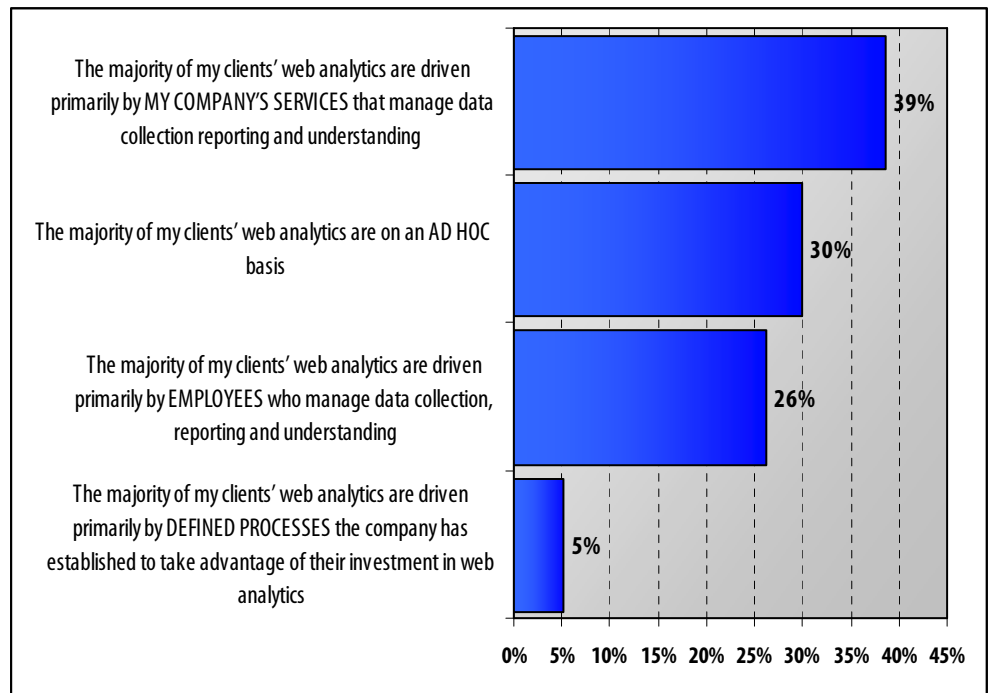
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Unsurprisingly, 39 percent of consultants attributed their client's use of web analytics to the consultant's or their company's services.

While we are well inclined to take end-user respondents at their word when they say they're making "strategic use" of web analytics, in our experience the reality of the situation is very likely closer to the consultant point of view. Given the general complexity of full integration of web data into strategic decision making processes, combined with the broad view that most consultants known to us usually have, this data suggests that companies still have a long way to go before they are truly strategic in their use of web analytics.

Actionable Insight: Even without making assumptions, this data suggests that there is fairly dramatic divergence between how end-users perceive themselves and how external experts perceive their use of web analytics. This suggests that companies will likely benefit from a more open dialogue with outsiders regarding their use and success with web analytics. We at Web Analytics Demystified recommend conferences like Emetrics (www.emetrics.org) and discussion groups like The Web Analytics Forum (www.webanalyticsdemystified.com/discussion_list.asp) as resources where interested end-users can meet like-minded individuals and share experiences.

Clients Approach towards Web Analytics Usage

The majority of my clients' web analytics are driven primarily by MY COMPANY'S SERVICES that manage data collection reporting and understanding — **39%**

The majority of my clients' web analytics are on an AD HOC basis — **30%**

The majority of my clients' web analytics are driven primarily by EMPLOYEES who manage data collection, reporting and understanding — **26%**

The majority of my clients' web analytics are driven primarily by DEFINED PROCESSES the company has established to take advantage of their investment in web analytics — **5%**

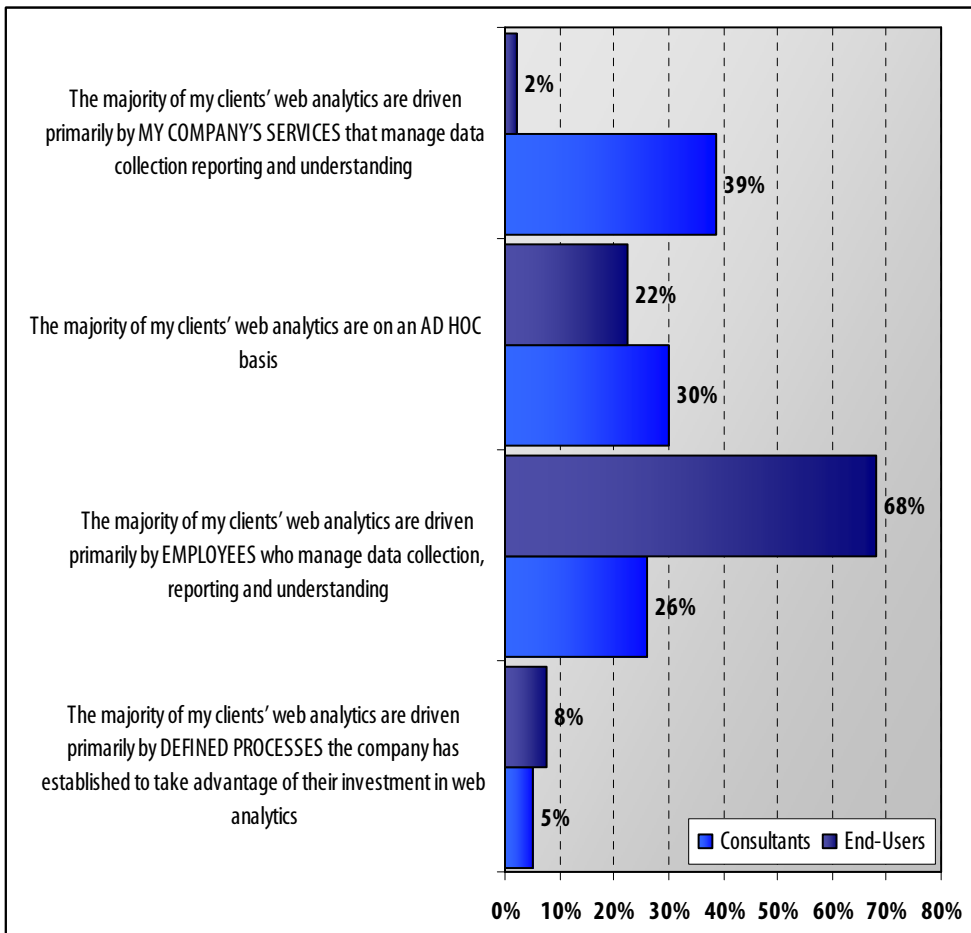0% 5% 10% 15% 20% 25% 30% 35% 40% 45%

Question: Which of the following statements best describes the way the majority of your clients' organizations manage web analytics? (Select one, n=287, Web Analytics Consultants)

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Again, the consultant respondent data itself is far less surprising than the comparison to the same question asked of end-users:

Here you can see that while the assessment of *ad hoc* and process-oriented use of web analytics is quite similar, consultants are far more likely to attribute the management of web analytics to their own organizations or services. Although somewhat unsurprising, this assessment highlights the same relative risk that strong dependence on individual employees does—reliance on consultants as opposed to defined processes creates a potential situation where the ability to successfully use web analytics breaks down when the consultant leaves (or when necessary budgets are cut).

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Surprisingly in a market where demand for services far outpaces available talent, **67 percent** of paid consultants report a **utilization rate of less than 60 percent!**

Reported Utilization Rates

Question: Please indicate the percentage of your time you spend working on PAID web analytics consulting engagements (Select one, n=287, Web Analytics Consultants)

While this data is likely far more interesting to consultants and consulting organizations, the authors were surprised to learn that 67 percent of consultant respondents had a paid utilization rate of less than 60 percent. Having worked in and managed web analytics consulting groups in the past, we find this shocking, especially given the tremendous backlog reported by all web analytics consulting organizations known to us at this time.

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Services Offered

Question: Please indicate which consulting offerings you or your organization provides to your clients (Select one, n=287, Web Analytics Consultants)

This data is likely to be far more interesting in future reports that take a deeper look at vendor consultants versus consulting organizations versus independent consultants.

All Respondents: Attitudes and Concerns

In addition to our exploration of web analytics practitioners, this survey was designed to help explore current attitudes and concerns that ultimately shape the use of web analytics data. Our core hypothesis relative to the following questions was essentially "companies struggle with web analytics" and we believe the data collected sheds light on why so few companies report tremendous success using web measurement technologies.
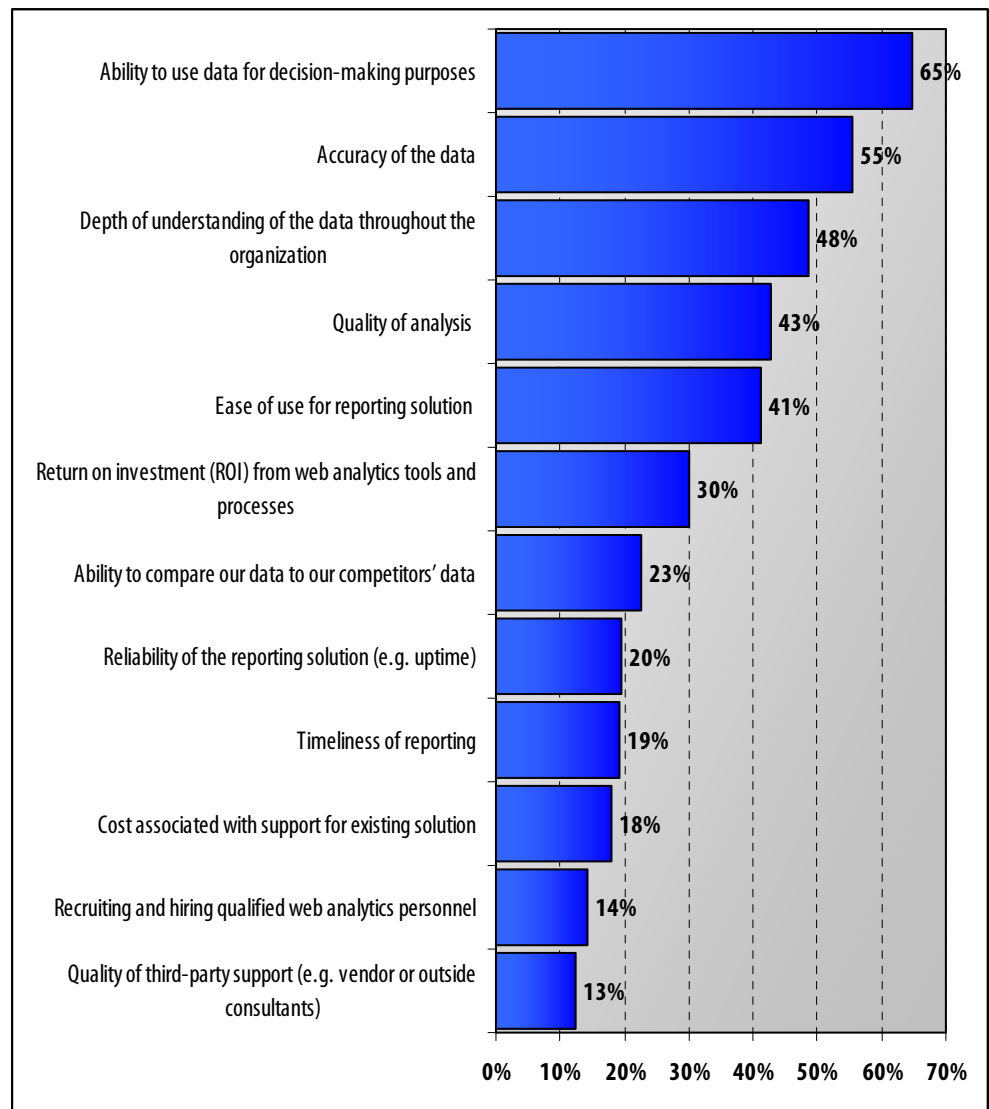
While the concerns that companies have about web analytics are largely what we expected to see, and the data suggests that organizations still struggle with data collecting and reporting, the

authors were surprised to learn that the vast majority of respondents (69%) do not believe that most people in their organizations who come in contact with web analytics understand web analytics data. Perhaps this insight is explained by the fact that over half of respondents (56%) report that they believe that web analytics is difficult.

Greatest Concerns about Web Analytics

> Sixty-five percent of respondents indicate their top organizational concern is the ability to use data for decision-making purposes.

Concern	Percentage
Ability to use data for decision-making purposes	65%
Accuracy of the data	55%
Depth of understanding of the data throughout the organization	48%
Quality of analysis	43%
Ease of use for reporting solution	41%
Return on investment (ROI) from web analytics tools and processes	30%
Ability to compare our data to our competitors' data	23%
Reliability of the reporting solution (e.g. uptime)	20%
Timeliness of reporting	19%
Cost associated with support for existing solution	18%
Recruiting and hiring qualified web analytics personnel	14%
Quality of third-party support (e.g. vendor or outside consultants)	13%

Question: Which of the following issues commonly associated with web analytics are of greatest concern to your or your clients' organizations? (Select up to three, n=856, Web Analytics End Users and Consultants)

We believe the number one answer to this question frames the opportunity for web analytics consultants and technology providers alike; *65 percent of respondents indicated a top organizational*

concern was the ability to use data for decision-making purposes. This should not be a surprise given how well this response aligns with the core web analytics value proposition—generating data that allows companies to make smart business decisions—but there appears to be a great disconnect between this response and several others reported throughout this document.

No great surprise that 55 percent of companies cite "accuracy" as a top concern, but consider the number three and four responses ("Depth of understanding of the data throughout the organization" and "Quality of analysis", 48% and 43% of respondents respectively). Both of these concerns directly impact the ability of the organization to use the data for decision-making purposes—if people don't understand the data or if the analysis of the data is poor or lacking, the likelihood that the data will be used strategically declines.
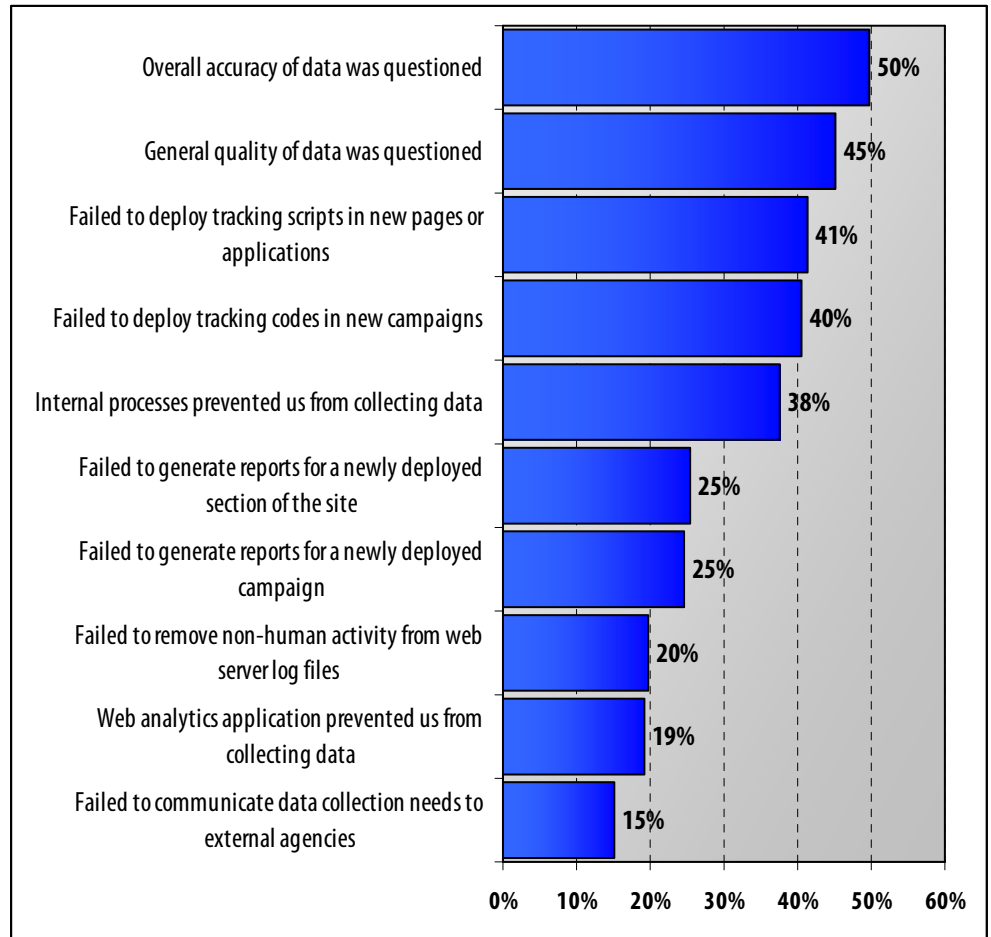
Perhaps most interesting in the responses to this question is the relatively small number of respondents who cite "return on investment" as a top concern (30%). We believe that this relatively low response may be due to companies being more concerned about more pressing problems commonly associated with web analytics—using the data, data accuracy, and making sure that people understand the data. This response, as much as any data presented in this report, validates the need for better organizational understanding of the process of "doing" web analytics; anecdotally companies that have mastered web analytics quickly work to calculate ROI knowing that it is far easier to justify additional expenditure when you can show the financial value of the existing deployment.

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Fifty percent of respondents indicated problems with the overall accuracy of their web analytics data; 41 percent had failed to properly a deploy tracking mechanism of some kind.

Problems Associated with Data Collection

Problem	Percentage
Overall accuracy of data was questioned	50%
General quality of data was questioned	45%
Failed to deploy tracking scripts in new pages or applications	41%
Failed to deploy tracking codes in new campaigns	40%
Internal processes prevented us from collecting data	38%
Failed to generate reports for a newly deployed section of the site	25%
Failed to generate reports for a newly deployed campaign	25%
Failed to remove non-human activity from web server log files	20%
Web analytics application prevented us from collecting data	19%
Failed to communicate data collection needs to external agencies	15%

Question: Which of the following problems related to web analytics data collection have occurred in your or your clients' organization in the past 12 months? (Select all, n=856, Web Analytics End Users and Consultants)

Concerns about data accuracy and data quality are a recurring theme in this report, and so there is no surprise that these are the number one and two responses when we asked about problems with data collection (50% and 45% of respondents, respectively.) Interestingly, and perhaps due to the recent maturation in web analytics applications' ability to collect and integrate different kinds of data (WebTrends ODBC, Omniture Genesis, WebSideStory APIs, etc.), only 19 percent of respondents report that their applications prevented them from collecting data.
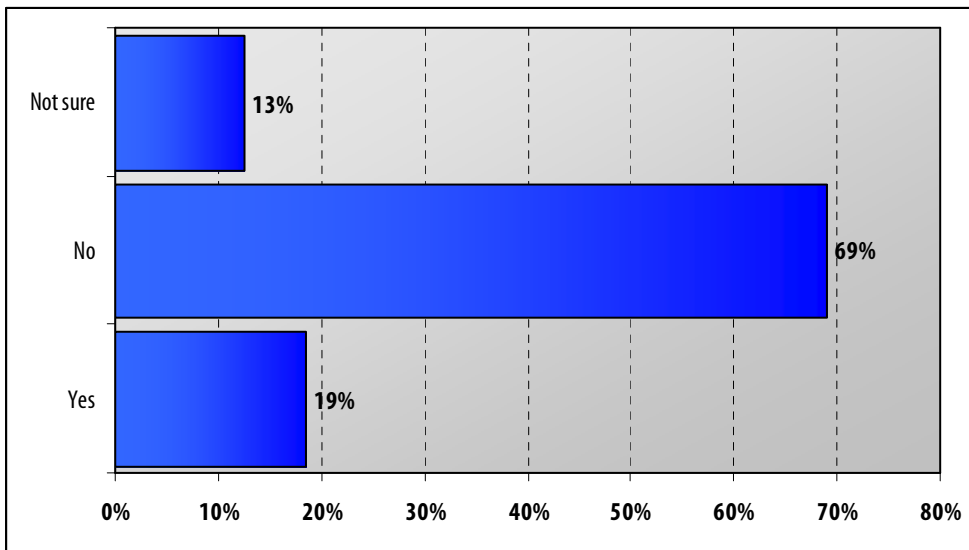
More interesting are the relatively large number of companies who report some failure to properly collect data in pages and applications (41%) and online marketing campaigns (40%) as well as those failing to generate reports on newly deployed section of website or campaign (25%). We believe that these responses again highlight the need for clearly understood, well-defined

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processes through which companies take advantage of their investment in web analytics technology. When companies rely on individual employees to manage and enforce data collection and report generation, all that is required to fail these processes is a lack of attention on the part of the employee. Conversely, when data collection and report generation are defined processes, a greater number of employees are conscious of the need and therefore greater attention is likely paid.

Depth of Organizational Understanding about Web Analytics

Question: Do you personally believe that the majority of people in your or your clients' organization who come in contact with web analytics data understand the data? (Select one, n=856, Web Analytics End Users and Consultants)

Perhaps the most interesting data point in this entire report, the fact that 69 percent of respondents indicate that they *do not believe* that the majority of people coming in contact with their web analytics data *actually understand what the data means*. This is critical—when employees don't understand information they're given, it is equally likely that they will use the data to make the right decision, the wrong decision, and no decision at all. And considering the wide gap between "yes" and "no" responses, we believe this to be a critical problem within respondent's organizations.
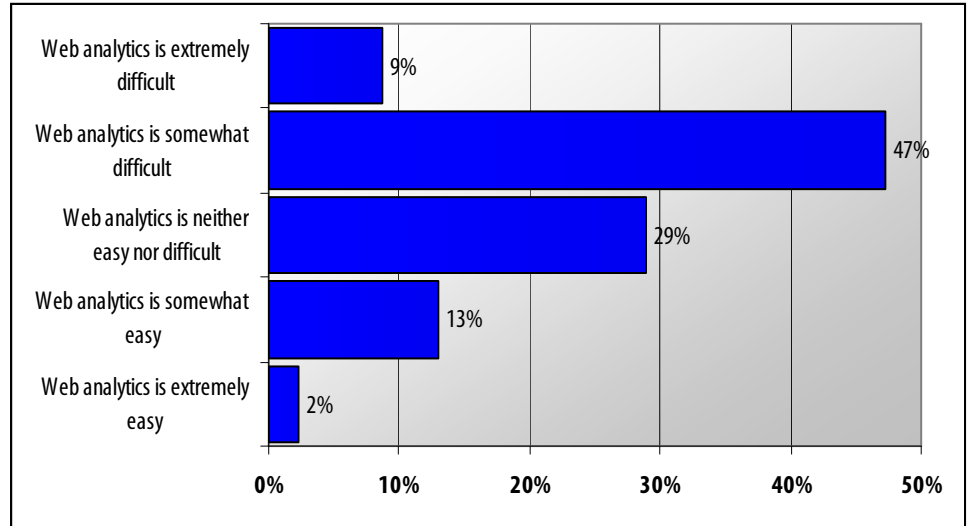
Actionable Insight: At Web Analytics Demystified, we believe this data further accentuates the need for defined business processes in web analytics, specifically the need for staff, training, and organizational education to drive understanding about web analytics. Consider having dedicated web analytics staff offer internal training and education about the data your analytics applications produce, not the applications themselves. Given concerns expressed elsewhere in this report regarding data accuracy and definitions, we believe that organizations have an opportunity to improve internal use of web analytics simply by providing appropriate and relevant information.

Companies need to recognize that **web analytics is** *not easy*, even for the most experience users of the technology, and respond appropriately.

Is Web Analytics Easy or Difficult?

Question: Please indicate your opinion about how easy or difficult you personally think web analytics is (Select one, n=856, Web Analytics End Users and Consultants)

Fifty-six percent of respondents worldwide indicate they felt that web analytics was somewhat (47%) to extremely (9%) difficult, and another 29 percent equivocated by saying web analytics was neither easy nor difficult. Given all the other data presented in this report—48 percent of respondents having three or more years of experience with web analytics, 33 percent responsible for giving recommendations based on web analytics data, 18 percent reporting positive ROI from web analytics, 12 percent reporting that web analytics answers 90% or more of their questions about web visitor behavior—the fact that only 15 percent of respondents believe web analytics is easy is, in our opinion, tremendously encouraging.

We believe that companies and employees are more willing to tackle problems and invest time when they believe (or at least perceive) that the technology and processes required are not arduous or difficult. If this is true, then as organizations work to make the process of "doing" web analytics seem easier, web analytics will be given more attention and investment, and will theoretically produce even greater results. However, until such time that a web analytics "easy" button exists companies need to continue to work to refine the core processes they leverage to benefit from their existing investment in web measurement technology.

Summary

The web analytics industry is at an important juncture in 2007. Available technology keeps getting better, companies are more aggressive in their approach to staffing for web analytics projects, and the advantages of being an analytically-minded organization are becoming clearer. But we believe that this research highlights that companies are not quite there yet—significant challenges

around implementation strategy, staff retention, and the way web analytics data is communicated to the organization still continue to hamper efforts to produce significant return on investment. More importantly, we strongly believe that the full value of any investment in web analytics cannot be realized until organizations take a strategic, process-oriented approach towards measurement as the data in this report, and data we will publish subsequently, shows a very strong correlation between "process" and "success."

About Web Analytics Demystified

Web Analytics Demystified offers a series of consulting engagements, workshops, and presentations designed to help organizations improve their understanding and use of web analytics. All of our ancillary offerings are based on our fundamental belief in the value of *business process* to web analytics, and each builds on the other, offering our prospects and clients a way to gradually build a relationship with Web Analytics Demystified.

Web Analytics Demystified Presentations and Workshops

Our presentations and workshops are offered as an introduction to Eric T. Peterson's style and our fundamental beliefs at Web Analytics Demystified. Each offering is appropriate for businesses wishing to learn more about web analytics and also for conferences, seminars, and web-based events.

Web Analytics Demystified

Our original presentation, based on the book that started it all, *Web Analytics "Demystified"* covers the fundamental topics that every business running a web measurement program needs to understand. Offered as both a three-hour seminar and a full-day workshop, Eric T. Peterson covers core issues like: terms and definitions, effective staffing strategies, the difference between "reporting" and "analysis", running controlled experiments, and communicating results

This presentation is suitable for any organization, regardless of size or current commitment to analytics, and is often used to help set reasonable expectations across the organization about what web analytics can and cannot do.

Introduction to Web Analytics Processes

Our *Introduction to Web Analytics Processes* presentation, offered as both a three-hour seminar and a full-day workshop, is an excellent starting point for any company already invested in web analytics but who constantly feels like something is missing in their approach to web data analysis. Covering the critical processes described in this document in great detail, Eric T. Peterson will lead your organization through the steps required to truly optimize the value of your existing investment. This presentation is suitable for organizations of any size and skill-level regardless their current depth of investment into web analytics.

Web Analytics 2.0

Emerging Internet technologies like AJAX, Flash, and RSS create an entire new set of measurement

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problems. Compound this with user-related issues like cookie deletion and alternative browsing models and it is clear that entirely new strategies towards web analytics are necessary. Our *Web Analytics 2.0* presentation is geared towards cutting-edge organizations that want to stay ahead of the measurement curve. Offered as both a three-hour seminar and a full-day workshop, *Web Analytics 2.0* is appropriate for organizations and business investors interested in topics like event-based measurement, visitor engagement, and Web 2.0 key performance indicators.

Web Analytics Demystified Strategic Engagements

Our strategic engagements are offered to companies ready to significantly enhance their web analytics capabilities and are committed to doing the necessary work. Delivered by Eric T. Peterson, these multi-day engagements are delivered on your premises and are highly strategic in nature.

Web Analytics Implementation Planning

Given the importance of data collection to the entire web analytics process, and given the high general concern companies have about data accuracy, our *Web Analytics Implementation Planning* engagement is a "must" for serious online businesses. Delivered by Eric T. Peterson, who while at JupiterResearch opened the world's eyes to the issue of browser cookie deletion, our *Implementation Planning* sessions cover all aspects of data collection in both a Web 1.0 and a Web 2.0 environment in a vendor-neutral way. This engagement is suitable for any organization, regardless of the state of their implementation, looking for an objective opinion and specific guidance regarding their data collection strategy.

Key Performance Indicator Planning

Once your implementation is complete, the next challenge for most organizations is creating truly actionable reports that will be widely understood and widely consumed throughout the organization. Our *Key Performance Indicator Planning* engagement is exactly that—a multi-day engagement where we learn about your specific data needs and then propose a complete plan of action around key performance indicator dashboards designed to bring you up to speed quickly. Delivered by Eric T. Peterson, author of *The Big Book of Key Performance Indicators* and a widely-recognized thought leader on the subject, this engagement is suitable for any organization wishing to dramatically improve their ability to communicate web data.

Web Analytics Staffing Support

The evidence is clear—success with web analytics depends on having smart people focused on using technology to create business value. To this end, Web Analytics Demystified offers *Web Analytics Staffing Support* services designed to help companies making their first critical hire. The engagement begins with an internal needs assessment to determine exactly what type of resource is needed and includes both a posting review and candidate screening. Supported in part by Web Analytics Demystified's business partner Aquent—one of the world's largest and most successful marketing staffing firms—our *Staffing Support Services* engagement is appropriate for any organization committed to the success of their web analytics program as a whole.

About the Web Analytics Association

The Web Analytics Association is a not-for-profit professional organization dedicated to promoting the understanding of web analytics through education, advocacy, standards, research and technology. Founded by web analytics industry leaders, the mission of the association is to unite and foster the interests of practitioners, vendors, consultants and educators who use, sell, install, implement, consult, teach or train in the field of web analytics. For more information, or to become a member, please visit http://www.webanalyticsassociation.org.

For More Information

For more information about how Web Analytics Demystified can help you increase your web analytics return on investment by helping you improve your web analytics business processes, please contact us via email at eric.peterson@webanalyticsdemystified.com, via phone at (503) 282-2601, or via our web site at www.webanalyticsdemystified.com