# Why Analytics?

## Short Answer (for underlings)

Because.

## Slightly Longer Short Answer (for your boss)

Because it's there and it's free, and web-page counters are *so 1997.*

## Long Answer (for you)

First there were log files and only people who bought really expensive software could figure out what the heck the half-million lines of incomprehensible gobbledygook really meant. The rest of us used web-page counters. Anyone could see how many people had come to a page. As long as the counter didn't crash, or corrupt its storage, or overflow and start again at zero, there would be a nifty little graphic of numbers that looked like roller skates (or pool balls or stadium scoreboard numbers or whatnot).

Around 1998, the Grand Arbiters of Taste on the Internet (i.e., everybody) decided that page counters were *so 1997* and that there must be a better way.

And also about that time, web-site statistics packages or "stats" came into common use — not common use by huge businesses that could afford thousands of dollars for software but common use by us peons who rent our web space from hosting companies for twenty bucks per month. Stats packages basically collect data but leave you to analyze that data. So they tell you what happens; they just don't put what happens into any type of business context.

If you have Windows-based hosting, you may have a Windows-specific stats package, or your host may use the Windows version of one of the Open Source stats packages (listed below). If you have hosting on a Linux web server running Apache (and about 60 percent of web servers run Linux and Apache), you'll most likely have Analog, Webalizer, or AWStats, and you may have all three. These software packages are Open Source under various versions of the GNU Public License (GPL). This neatly explains their ubiquity.

They're free as in freedom, but more important to this particular purpose, they're free as in beer. Free as in beer is a large attractant to bottom-line-conscious ISPs and web hosts. While a good site-stats package will provide numerous important metrics to help you measure traffic and fine-tune your web site's performance, there are a few key things that site stats just won't tell you. We'll get into that later.

Where stats packages leave off is where analytics come in. Comparing what a good analytics package does to what a good site-stats package does is like having Mark McGwire bat right before the Little League's MVP. One could be kind and say it's a Major League to Little League comparison, or like putting a man next to a boy, but the truth is that analytics are like site stats on steroids. McGwire fans, please feel free to start whining now. I'll be watching figure skating on webcast until you finish. The long answer to "Why analytics?" is almost as short as the slightly longer short answer: web analytics are site stats on steroids (and page counters are *so 1997*). Stats give you numbers. Analytics give you information.

## If Analytics Are So Great, Why Don't We Have Them?

The short and simple answer to this is that medium and large companies that can afford analytics do have them. There are many analytics software packages that cost money, among them WebTrends, HitBox Professional, and Manticore Technology's Virtual Touchstone. The low-end price for web analytics is $200 per month. The high-end price? A couple grand a month is not unusual. To the microsite, the small site, the web merchant on a shoestring, the mom-and-pop site, the struggling e-zine, the blogger who aspires to be Wonkette but isn't yet — that is, to most of the sites on the web — two hundred bucks a month sounds like a lot of money!

Then, in mid-2005, Google rocked the boat, buying a small company called Urchin. Urchin was no Oliver Twist. It was, in fact, a runner-up for the 2004 ClickZ Marketing Excellence Award for Best Small Business Analytics Tool. Its product, Urchin Analytics, had a monthly cost on the low end of the market — about $200 a month — and was designed for small businesses.

Six months later, Google did something completely unprecedented. It rebranded Urchin's service as Google Analytics with the intention of releasing it as a free application. Google prelaunched it to a number of large web publications (among them NewsForge.com, where Mary is a contributing editor). And shortly after that, Google opened it to the public, apparently completely underestimating the rush of people who would sign up — a quarter of a million in two days.

Google quickly limited the number of sites that registrants could manage to three, though if you knew HTML at all, the limitation was pathetically easy to bypass. Google also initiated a sign-up list for people who were interested, which eventually morphed into an invitation system reminiscent of the controlled launch of Google's Gmail. The moral of this story is, "Don't underestimate the attraction of *free*."

## Now That We Have Analytics, What Do We Do With Them?

What do you want your web site to do better?

Analytics is software that generates metrics. Metrics are measurements. There are all sorts of possible web-site metrics — measurements you can take — about how many times files are accessed, how many unique IP addresses access the site, how many pages are served, and so on. Analytics can calculate the most popular pages, how long the typical person stays on the typical page, the percentage of people who "bounce" or leave the site from a particular page, and thus the percentage of people who explore the site more deeply.

Ad nauseam.

Yes, you can look at a zillion different metrics until it makes you dizzy, sick, and hopeless. Fortunately, some metrics have more impact on your site than others. Which metrics matter? That depends on what your site is. If your site is content, there's one set of metrics that matters. If your site sells things, a whole different set of metrics matters.

The point here is that you have to figure out your web site's purpose. For content businesses, it might be how much time the visitors spend, how deep visitors dig, and how often visitors return. For a business concerned mainly with selling things, it might be average time to sale, rate of shopping-cart abandonment, and profit, profit, profit. Once you know what metrics are meaningful for your web site, you can use those metrics to improve the site's performance. What do you do with analytics?

You improve your bottom line.

Here's a scenario for you. Mark owns a small rug store. It's nothing fancy, but the store does have the best prices in a three-state area, so it stays pretty busy.

Mark's wife, Anna, is his official webmaster. Anna doesn't have any formal training in web-site design, but through trial and error she's managed to put up an attractive site. The problem is, attractive doesn't necessarily translate into effective, and Mark and Anna want to know how effective the site is.

That's where Google Analytics comes in. When Anna first activates her Google Analytics account, she just watches it for a few weeks to see how much traffic the site gets, where it comes from, and what pages visitors spend the most time on.

After a few weeks, Google Analytics has given Anna enough information that she knows that the planning pages of the web site are the ones that customers spend the most time on. She can also see that the majority of her visitors come from a link on their local Better Business Bureau site.

These facts help Anna and Mark make some decisions about their marketing budget. Being small means that marketing needs to be effective, because there's less budget for it than a larger company might have.

Based on what they've learned from Google Analytics, Anna decides to create a monthly newsletter for the company, which includes tips for planning where and how to place a rug and effective decorating tips for using rugs. They also agree to try AdWords for a few months to see how an AdWords campaign would improve the business.

To track all of this, Anna sets up filters and goals in Google Analytics. Using the metrics returned by these filters and goals, she'll be able to see if her decision to build on the strengths of the web site actually turns into more sales.

Anna and Mark aren't real. They're (unpaid) performers in this little skit, but their story illustrates how you can use Google Analytics to improve your marketing, which in turn will improve your business. Your specifics might be different. But if you use Google Analytics as a tool to monitor and build marketing efforts, you'll find there are many benefits to knowing the who, what, when, why, and where of web-site traffic.

## What Analytics Is Not

The short answer is: Google Analytics is not magic. It's not some mystical force that will automatically generate traffic to your web site. Nor is it the flashing neon sign that says, "Hey, you really should be doing this instead of that." And it's most certainly not the answer to all your web-site traffic problems. No, analytics is none of those things.

What analytics *is* is a tool for you to use to understand how visitors behave when they visit your web site. What you do with that information is up to you. If you simply look at it and keep doing what you're doing, you're going to keep getting what you're getting.

You wouldn't place a screw driver on the hood of a car and expect it to fix the engine. So don't enable Google Analytics on your site and expect the application to create miracles. Use it as the tool that helps you figure out *how* to achieve those goals.