# The Changing Landscape of Marketing Online

# I

*As we begin our discussion of web analytics, the first part of this book will cover the broad foundation issues. To start, we need to ground our overall content in the larger marketing landscape, something that Chapter 1 should accomplish. Chapter 2 will drill down deeper into the specifics of web analytics and provide domain-specific knowledge necessary for the rest of the book.*

# The Big Picture

*The Web has become one of the most powerful vehicles for marketing and communication ever created. It allows fast and easy communication with millions of customers in a timely fashion. It has transformed the speed at which companies and their brands can be created and grow. The Web has also created new opportunities for marketers to become better at their discipline. This chapter provides an overview of the changes in marketing that have resulted from the Web's existence and then a discussion of the key guiding principles you should remember for the rest of this book.*

# 1

**Chapter Contents**

## New Marketing Trends

> *"Because its purpose is to create a customer, the business has two—and only two—functions: marketing and innovation. Marketing and innovation create value; all the rest are costs."*
>
> *—Peter Drucker, 1977*

According to *Fortune* magazine, the five largest American corporations in 1977 were Exxon, General Motors, Ford Motor, Texaco, and Mobil; Microsoft was a two-year-old startup venture, and the Internet had not even been invented. Yet, Peter Drucker saw the future clearly. He realized then something that is even truer now: Businesses must create customers, and the best way to do that is through marketing and innovation. The nature of "marketing" and "innovation" in 1977 were markedly different than they are today (or at least than they appear to be today), and the connections between business and customer were orderly, predictable, and easily managed.

The contemporary marketing executive faces unprecedented challenges and limitless opportunities. The distance between the business and the customer, both physically and emotionally, has been shortened to the duration of a single click. Those *clicks*, perhaps the most over-examined phenomenon of the last decade, are the staccato sound of a new engine of commerce and of the near instantaneous decisions made by customers to buy or not to buy. The marketer hears the clicks as a fanfare for success or a funereal march of doom. It may sound overly dramatic, but looking at the success of companies like Amazon, eBay, and Google shows that reality may be even more dramatic still.

The challenges inherent in navigating the world of business today are daunting, but the resources available are far more sophisticated than ever. The tools and tactics available now are probably an order of magnitude more powerful and more useful than they were five years ago. In the world of online commerce, marketing has become innovation. Innovation brings with it a new level of complexity as well as confusion, and marketers have to work harder and harder to stay ahead of their competitors and their customers.

Tools and tactics are essential, but strategy wins the war. Marketing leaders know that perspective and vision help create and drive a strategy. In the online world, it's often easy to become consumed with minutiae and forget the overarching business goals. Being able to show improvement in how many new clicks your site gets isn't useful if you can't show how much you invested to get those additional clicks and you have no baseline data for comparisons. Strategy dictates that metrics are grounded in historical context, and return on investment (ROI) is predicted before and reviewed after any program is implemented. Strategy must also lead to action, and action is the governing principle behind this book.

Marketing in the twenty-first century is about change and innovation. Change is no longer driven solely by the ideas of big companies ("let's introduce a diet version of that drink and see what happens") and their competitors. Now it's also driven by customer demands (and customer revolt). Information on good and bad products used to take months or years to become general knowledge. Today, new products are often discussed and dissected before they're even released. Change has come, and customers are doing innovation as fast as companies.

All of this change and innovation generates data—lots and lots of data. Data is the click made *real*. Data is the transformation of customer needs and buying decisions into marketing and innovation. Data is also the endless wave that threatens to overrun every marketing department in the world. Data is in danger of becoming the enemy of progress instead of the foundation of success. Throughout this book, we'll return to data and the specific actions you need to take to make that data valuable.

Before becoming completely consumed with data (and this book will show you exactly how not to be consumed *by* data), it's important to examine some of the larger trends that are driving the data onslaught. These trends are as follows:

- The consumer revolution
- The shift from offline to online marketing
- Instant brand building (and destruction)
- Rich media and infinite variety

We'll look at each one briefly and weave together the larger pattern of what marketing and innovation will look like in the near future. From that pattern, we'll set the stage for the "Analysis Mandate" and a plan for using the rest of *Actionable Web Analytics*. First, we go into the hearts and minds of the consumers.

### The Consumer Revolution

Among the more than 100 million websites online (according to netcraft.com) and the billions of pages that form those sites is just the page you want. If you can find it, you'll click it. If you click it, you'll receive the satisfaction you so richly deserve. Welcome to infinite choice, Mr. and Ms. Consumer.

Most of us are familiar with the Industrial Revolution as part of a broad historical tableau that saw manual labor slowly replaced by automated labor and the manufacture of machines to power that automation. It was a significant revolution for businesses because productivity soared and costs dropped. For the worker, it was a time when their livelihood was often threatened by machinery; but they benefited from the cheaper and more readily available goods created by those machines. The revolution continued for many decades as each change produced a series of other changes, such as railways producing an infrastructure for wider distribution of manufactured goods and then allowing goods to be centrally manufactured as raw materials were transported. In many ways, the Industrial Revolution solidified the role of the *consumer* in the economy. Someone had to buy all the output from efficient and automated production, and thus the consumer class was born.

From the time of the Industrial Revolution in the late eighteenth and early nineteenth centuries until the beginning of the twenty-first century, the role of the consumer was pretty fixed. Consumers *consumed* the goods and services produced and distributed by industry. This was a sweeping and broad statement of how markets worked, and everyone accepted it as true. Consumers were, at least for the most part, passive participants in the ecosystem.

The Internet changed all that completely. The full extent of this change is still being observed and documented.

### Consumer-Driven Choice

One of the authors recalls purchasing new stereo equipment in the late 1980s. Once the right receiver was chosen based on a review in a magazine, finding it involved a lot of driving around and making phone calls to stereo shops. The magazines gave something called a "suggested retail price" for an item; the actual price was something secretly determined by stereo salespeople (or so it was rumored among aficionados). Having finally purchased the equipment, the author then wanted to show it off. He even recalls making a photocopy of the instruction manual cover page to display to friends.

Consumers had the choices presented to them back then. If you walked into a store and there were only red shirts, you couldn't get black. If you bought something and found it defective, you could bring it back for a refund, but that didn't help the next guy who bought the same thing. If you loved a book or movie, you would go out of your way to tell some friends about it, and they would tell some friends, and you hoped all your friends would know about it before it left the theater (and remember when the only place to see movie trailers was in the theater?).

As a marketing manager in 1985, you would have had a fairly straightforward job (not an easy job, but still straightforward): Identify a market segment for your product, and then place some ads, do some promotions, and ensure that the target audience knew about the existence of the product. Then, wait for the sales data to come trickling in. Review all the data, and determine if something needed to change about the product or campaign. Make the changes, and start waiting all over again.

You can quickly see how different the situation is today. In 10 minutes, you can sit at your computer and find information about the latest receivers, compare prices, read reviews by hundreds of other buyers, check out the technology blogs to determine if a new model is coming out soon, and purchase your equipment for delivery the next day if you want. Not only that, but you may find that if you ask a question about the product on a discussion site, the marketing manager located across the globe responds to you in real time (and it's definitely way after working hours for them). They may send you a discount code so you can get the receiver at 10% off at a preferred online retailer.

The Internet shifted the power of choice from manufacturers, suppliers, advertising agencies, and stores to the single most important element of the system: the consumer. The flow of data has changed from trickle-down to a wide-open river, with the consumer being able to drink when and where they choose. The tools of communication make everyone equal (recall the classic *New Yorker* cartoon with the caption "On the Internet nobody knows you're a dog").

Marketing managers everywhere have had to make a radical shift in how they view their markets and their customers. There is little value in trying to hide information about your product or spread misinformation about your competitors—the Internet is a self-correcting ecosystem that almost always lets the truth shine through. The power of millions of consumers is always stronger than the power of a single company. Transparency is the only strong strategic move left when marketing.

But savvy marketers have a weapon at their disposal that consumers don't have. That weapon, as you'll see again and again in this book, is the data. The ability to engage in web analysis lets you harness the power of consumer choices and use it to predict and direct future behavior. As in any good system, there are always ways to find order amidst the chaos.

### What Time Does the Store Open?

It may seem trite to write about shopping in your pajamas, but not that long ago it was a cutting-edge concept. For decades, the general rhythm of shopping was aligned with the rhythm of most jobs and most schools: Stores opened in the morning and closed in the evening. Unless you were a shift worker, your schedule was the same as everyone else's schedule. The only people shopping in their pajamas were doing so from a mail-order catalog or watching the Home Shopping Network. Impulsive desires ("I must have a pair of yellow pants now!") were rarely satisfied and usually forgotten by morning.

Professional marketers never gave much thought to the "when" of a purchase. From books to clothes to electronics, it was all about the customer being in the store to purchase the product. Making sure the channel was full of inventory was the key to success. If there was a run on a product, you usually saw it coming with plenty of time to spare. Likewise, if a product was going to be a flop, it took some time for the data to filter back to you. Price adjustments were done in a well-considered fashion.

On a typical day in the twenty-first century, the average consumer spends far more time browsing and buying online in a week than they would normally do in person in a month. The consumer chooses when to shop, where to shop, and what they buy based on their priorities, not the marketers. Living online is an empowering state for the consumer and should be equally empowering for the smart marketer.

Here are examples of some of the questions businesses now face. Did you know that more red sweaters sell between the hours of 7:00 AM and 10:00 AM with a 10% off coupon than with a $5 off coupon, but that the reverse is true between 8:00 PM and 11:00 PM? Will you run more ads at nighttime for your romance novels and more in the daytime for your business books? How are you connecting the reality of your stores closing at 10:00 PM with your online discounts decreasing at the same time?

The power of the always-on consumer is also the power of the data-smart marketer. As the shift toward more time online continues, having a strategy driven by the data of consumer behavior across time and across channels is the way in which companies will succeed. Chapter 5 of this book goes into considerable detail about making your marketing decisions using data.

### The Shift from Offline to Online Marketing

Advertising used to be a simple game, or so it seemed. Print, TV, radio, outdoor, sponsorships, and direct were the channels, and it was a matter of determining how much you spent on each. The big money usually went to TV, because that was where you could get the big returns. It was all about the number of viewers—the *impressions*—you could get for your ad. Marketing strategy often meant advertising strategy, because that was the predominant way in which companies could connect with their audience.

The Interactive Advertising Bureau reported in November 2006 that Internet advertising revenue for Q3 of that year surpassed $4 billion. A decade earlier, the revenue was under $250 million. Just a few years earlier, the revenue was nothing. All that money had to come from somewhere.

The statistics across all forms of marketing spending are clear: The money is shifting from offline to online. There are two key reasons for this: The audience is spending their time online; and measuring marketing success online is orders of magnitude more accurate and informative than for any other medium. It's a data game now, and the team that knows how to analyze the data best wins.

**Note:** It isn't having the *most* data that wins; it's being able to do the best analysis.

If we examine the migration from offline to online more closely, we see a natural evolution of the *relationship marketing* rigor and methodology pioneered by Lester Wunderman decades ago. Online allows marketing messages to be precisely targeted and often ensures that the audience is receptive to receiving those messages. Online also gives nearly infinite flexibility to test variations of a message or campaign in near real time. Imagine being able to run a slightly different TV commercial in 10 major cities at the same time and then knowing which was most effective at conversion before the hour was done. What is impossible offline has become routine online.

Many businesses are pursuing a marketing strategy online that means spending money on ads and buying keywords. Some companies dedicate vast resources to this effort and have detailed quantitative analyses of how each ad performs and which keywords are doing well on each of the major search engines. Marketing departments and advertising agencies have come to a point where they believe they know how to make online marketing work successfully.

Have you ever clicked a banner ad that promised something specific (such as "Click here to get 20% off our latest release") and ended up on the home page of a site with no information about that 20% discount to be seen anywhere? Perhaps you did a search and clicked one of the ads for your keyword (such as "wool socks") and found yourself on a site that sold everything from wool blankets to wool sweaters and wool socks. But you were still two or more clicks away from what your heart desired.

Unfortunately, occurrences like these are standard around the Internet in 2007. Some marketers treat banner ads and keywords as another form of mass advertising, like billboards, instead of as highly targeted doorways to specific destinations on their sites. Analytics data can quickly demonstrate how many of those people expecting wool socks decide to leave the site after landing in the wrong place and how many stick around to buy a few pairs. Likewise, analytics can help drive tactics that allow you to test pairs of ads and landing pages together to see which have the highest conversion. Chapter 11 of this book will discuss site optimization in detail and help you take action based on the insights you glean from analytics.

### The Winning Site

Your website has the potential to be the most powerful marketing tool in your arsenal. If you've invested five or six figures into the site, you probably have a great deal of confidence in its ability to deliver your core messages. The website probably has a whole team dedicated to ongoing maintenance and improvement. Clearly, you've made the move to online from offline and are reaping the rewards. Right?

How many visitors did your site have yesterday? Which of those came to you immediately after visiting a competitor? How many were looking for a job, and how many were doing comparison shopping? If you can answer any of these questions, you're probably already doing some *web analytics*. By this we mean collecting web-usage data and reporting that data back to the organization.

What is your web strategy for the next two versions of your site based on your ongoing A/B site test? Which of your currently running social-networking campaigns is yielding the highest conversion rate? What is the ROI on the money you've invested in your corporate blogs? If you can answer any of these questions, then you're well on the way toward doing *web analysis* (and are, we hope, finding new and useful tips in this book to make your team even more successful). Web analysis means taking the data from web analytics and using it to make changes to your site and business decisions based on the data.

The ongoing shift in marketing focus from offline to online is only the first step. The longer-term reality will be a seamless blending of the online and offline worlds. Many businesses are already treating the two channels as points along a continuum instead of discrete entities and in doing so are elevating the stakes for everyone in their industry. The investments being made in the online channel will continue to grow. In fact, it's possible that the investments being made are increasing faster than the ability to measure their success.

### Instant Brand Building (and Destruction)

Near and dear to the heart of every marketer is branding. Branding is usually the centerpiece for every marketing strategy and is the thing that often generates the most discussion at the executive level. We've heard plenty of senior executives talk about "building the brand" and "extending my brand online." Everyone seems to be able to talk about branding, from the CEO to the entry-level marketing manager to the 18-year-old kid on their MySpace site. Sometimes it seems that branding has become core curriculum in elementary school, just like reading, writing, and arithmetic.

Brand building is exceptionally important, and every marketing plan must treat it as such. Measuring the success of branding, however, is a different story. Many companies build websites to promote their brand but then have no idea how effective an endeavor that was. Some companies think of all sorts of clever ways to extend their brand online, often with no thought to how doing so accrues value back to their core brand and their core business. What is the point of a tire company building a rich and interactive website so they can point to it at the next distributor meeting if that site provides no business value to its users? Is the simple presence of a decorative outpost at www.yourcompanyhere.com worth the investment made? Can it hurt your brand more than it can help it?

The concept of the brand will weave its way throughout this book, much like the thread that holds together the parts of a quilt. The agencies you may hire to perform your web analytics will want to know all about your brand. The team you hire to drive your web strategy will want to know all about your brand as well. This is because the brand is often the intangible element that can separate the great online business from the mediocre.

Once it's clear that an online opportunity exists for your business, then you have to think about how it will connect to and build your brand. Let's return to the tire company as an example. They already have a simple website in place, and its primary purpose is to let potential customers find a local dealer. Looking at the data over the past year has convinced the CMO of the company that people come to the website wanting more. Perhaps the most common search terms that bring people to the site are "tire safety comparison", "reliable tires", and "buy new tires". The dealer network is glad to be getting referrals from the site, but they would like to have more qualified leads instead of just random shoppers. Some visitors are even hunting around the site for multiple pages, apparently looking for coupons.

The tire company has a well-known brand that stands for value, reliability, and safety. Maintaining those brand characteristics is a key function of the marketing team. The CMO decides to hire an agency to help build a new site, put in place a rigorous analytics model, and drive vertical integration into the sites of the largest regional dealers. All this is also part of a plan to extend the brand to the younger generation of car buffs who like to customize all the components of their vehicles.

The RFP (see Chapter 12) process helps secure an agency that seems to be able to meet all the requirements of the project. The first thing they do is review the existing website and the current set of analytics data. From there, they propose a plan for a new site and new measurement approach. They promise to extend the brand to a new audience and ensure that the traditional audience is able to find the information they need to compare and buy tires. The CMO tells them to steam ahead.

Everything seems to be aligned for a successful extension of the brand online and increased satisfaction for customers and the dealers. The agency proposes that the new site start out with an elaborate animation of a car being customized with wheels and tires, after which a visitor can race the car around their favorite city. Once the visitor gets past the opening Flash, they're given the opportunity to compare tire models, find local dealers, and play another race game to earn a $25 coupon.

What may happen here? If you look back at the search terms that have brought people to the site in the past, they're about finding facts related to the core attributes of the brand—safety and reliability—and being able to find a dealer and buy tires. Now, when people arrive at the site, they're confronted with an attempt to extend the brand to a new audience. It's likely they will wonder if they arrived at the correct site at all.

That new target audience may find the customization and racing games interesting. But they may also consider them disingenuous and false, given the historical brand attributes of the company. Trying to be cool online is often the worst way to reach an audience. Consumers know cool when they see it, and it isn't easy to pass off a fake as the real thing.

Brands are precious assets, and the online world presents many new challenges in maintaining and growing those assets. Emerging phenomena such as user-generated content and social networking provide opportunities for brand building to be put into the hands of consumers. As we are writing this chapter, the Super Bowl is on TV, and several companies are showing commercials created by their customers, not by ad agencies or marketing departments. Consumers are in control, and brands can be created, enhanced, or destroyed overnight in the online world.

The strength of your brand can be measured in many different ways. Being able to track carefully what happens on your site as well as the conversations that take place across the Internet (have you checked today to see how many blog entries discuss your latest marketing campaign?) is key to business growth and demonstrating ROI. You must be able to create and track brand metrics online in order to succeed. If you don't control the fate of your brand, then someone else will.

Much of the actionable strategy found in this book ties tightly to the value of your brand. Websites don't function in a vacuum, and analytics must be driving important business metrics. Brand building helps define the types of goals and key performance indicators (KPIs) discussed in Chapter 6. Likewise, Chapter 13 discusses how to write creative briefs. These briefs are all about defining the brand and ensuring that your agency (or internal creative team) understands how to translate that brand into online experiences.

## Rich Media and Infinite Variety

In January 2006, JupiterResearch published a report stating that the average online consumer spends as much time online each week—14 hours—as they do watching TV. This fact is stunning in many ways, but most interesting of all is the question of what they're doing during those 14 hours. Are they shopping? Reading the news? Chatting with friends and building websites? The infinite variety of things to do online provides choices for everyone, but the killer applications online in the future are going to be rich media.

Broadband connectivity has become so pervasive that many consumers have as much bandwidth at their house as they do at their office desk. They're just as likely to have more data storage at home as at work (it's a lot easier for you to go buy a 300GB disk drive for a couple of hundred dollars than it is for your IT department to requisition you a new one). In industry vernacular, "fat pipes" are here and ready to be filled up. The rich filling inside those pipes includes video and audio. Movies and TV. New albums and classic songs. Radio shows, podcasts, and video chat. Rich media is driving consumer engagement and providing new opportunities for your marketing machine. Are you ready?

A decade or so ago, in the early days of web analytics, there wasn't much debate about what had to be tracked and reported. The Web consisted of mostly static pages of text, and user behavior consisted of clicks—one click followed by another and followed by another (what is referred to affectionately as the *clickstream*). Any motion or sound on a page was all but ignored by web analysts and web-analytics software. Banner ads were the standard for advertising; even if they had fancy animation, the things that mattered were impressions and clicks.

For many sites today, the page and the text on it is the least important element of the consumer experience. From the Flash animation that drives navigation to the consumer-generated videos playing in the background, the contemporary web experience is rich and vibrant. Consumers watch the latest episodes of their favorite TV shows and catch the limitless number of videos available at sites like YouTube. Some of those videos are about your product and your brand.

The flip side of consumers spending 14 hours per week online is that they're generating 14 hours per week of data! That data can be used to fuel your marketing strategy and help you make informed decisions. If rich media is the honey enticing your audience online, then you need to be able to measure just how sweet that honey tastes. You must be able to track how your media is shared (your audience will do a lot of your marketing for you by sending those great videos to their friends and coworkers) and how often it's watched. You must be able to discriminate between rich media that drives ROI-enhancing events like purchases and rich media that distracts people from purchases. Sites that become so full of entertainment that people forget to buy a product are delivering negative ROI (trust us, it happens far more often than you might think).

Rich media can enhance your dialog with your consumers and do so in a profitable way. From creating an immersive experience to providing incentive for viewing advertisements, new media types bring the Internet closer to the world of TV without having to sacrifice the measurement advantages of being online.

You may recall how TV ratings were conducted many years ago: Families received a diary in the mail in which they were to record the shows they watched each evening (the *Nielsen family*); they mailed the diary back every few weeks. From that highly scientific and precise survey, the TV networks determined the ad rates for their shows. No one questioned the model because it was the best the medium offered. Today we have digital cable and Internet Protocol TV (IPTV) bringing all the media channels closer together in both spirit and technology. The lessons learned in measuring the Internet over the past decade will provide the framework for eventually measuring all media. Your online marketing strategy today will most likely become your all-media strategy next year.



## The Analysis Mandate

These four trends are beyond your control:

- The consumer revolution
- The shift from offline to online marketing
- Instant brand building (and destruction)
- Rich media and infinite variety

They have changed how we do business both online and offline, and the changes are just going to keep on coming. Marketing executives need new tools and new strategies to successfully navigate this changing landscape. Unfortunately, there are lots of ways to become overwhelmed or paralyzed by the changes.

Marketing has always been about creating value. From the earliest days of people in the village saying something nice about a butcher or tailor (this is what we now call *word of mouth marketing*, and whole books are dedicated to the subject) to the more modern practices of advertising and PR, marketing tries to create value. In many cases, it appears to be successful. A new product is launched, people read about it in the paper and then see the ad on TV, and sales for the product rise. If you stop running the ads, then sales drop. If you offer a coupon, then sales rise again. It's very much a cause-and-effect situation.

What if this is wrong? What if no relationship exists between marketing and outcomes? Perhaps hidden variables are driving demand up or down and just happen to be correlated with marketing efforts. What would happen if a company stopped doing all marketing?

For a long time, Starbucks essentially did no advertising at all. Even today, they don't advertise their core offering: the local Starbucks store. Yet Starbucks has been successful at making their product highly desirable to a large group of consumers. They manage to charge a huge premium for a product that was practically a commodity beforehand. Should Starbucks start running ads like McDonalds to drive people into their stores?

How can you know that marketing works? How can you create a culture of accountability in marketing and make ROI the single most important benchmark of success?

The major trends described here are creating a rich environment for you to create a new marketing paradigm. Every one of these trends demonstrates a shift from media and behavior that can't be measured to those that can be measured. Not just measured, but measured and tested and adjusted in real time. These trends should strengthen your hand when it comes to driving business value. They've created an analysis mandate and provided the opportunity to transform marketing into an ROI-driven discipline.

One of the keys to the success of your business in the face of these trends is having the right teams in place, both inside your organization and at your partners. Part IV of this book has a tremendous amount of detail on finding and selecting agencies (Chapter 12), staffing your own team (Chapter 14), and working with technology partners (Chapter 15).

## ROI Marketing

> *"However beautiful the strategy, you should occasionally look at the results."*
>
> *—Winston Churchill*

*Return on investment* should be the three most important words in every marketer's vocabulary. Marketing is an investment, and in many businesses it's one of the single largest investments made. For a long time, the relationship between this investment and the outcomes were sketchy and assumed. We know of CMOs who looked at ROI as something the financial department managed, not something that should be core to their strategy. Programs were created and executed without much thought to the specific results they were driving. Frankly, this isn't a good way to run a business.

In this book, we'll spend considerable time discussing KPIs—key performance indicators—and illustrating how they can transform marketing into an ROI-driven discipline. KPIs allow marketers to rationalize their investments, normalize the results, and consistently report them to every department and executive in a company. A focus on KPIs is a significant step up the strategic ladder from doing web analytics. Chapter 6 will help you build specific goals and the KPIs needed to measure achievement.

The output of web analytics is data, and that data always needs to be put in some context. Running one tool or another to analyze the traffic on your site or the results of a specific demand-generation campaign is only the first step in the ROI marketing model. The analysts on the team (see Chapter 14 on how to identify and hire those analysts) are working to mine the massive data generated by your marketing activities and reduce it to reasonable abstractions. However, their work is essentially useless without a specific framework in which to act on this data.

That framework must include the ability to change. Simply reporting data, even the most positive of data, isn't sufficient. Every result is an opportunity to make the business better and increase ROI. If a specific website is working exceptionally well, how can the data from analytics help make it better? If a campaign drives conversion for products A and B, how can it be extended to product C? These are the questions the data has to answer.

Our own CMO has worked in organizations where reporting results was one of the most important tasks for every marketer. Senior management often required so many metrics delivered to them on a single page that the only solution was to use bigger paper. The discussions about these metrics—these KPIs—were usually heated and focused on what happened and what our goals had to be for the next reporting period. Very rarely was the focus on what had to change in order to achieve the new goals. Instead of using ROI marketing, he was part of a cycle of KPI marketing.

Your strategy must explicitly prevent both data overload and the data dead-end game. Zero in on a few key metrics, and work to create ongoing improvement. Make scorecards the basis of all discussions around performance of marketing initiatives, and focus on what you can learn and change based on those scorecards. Measure the dollar value of converting visitors into purchasers on your website, and weigh that against the cost of ongoing analytics, optimization, and redesign. This process will create a culture of analysis in your organization and make ROI marketing the only strategy you can take to the bank.

## Innovation

New trends are emerging that will extend the models already discussed and cause new complexity to emerge. Some experts argue that we're as early in the evolution of the Internet as the Model T was in the evolution of the automobile. That can be a frightening thought or a liberating one; it's all a matter of perspective. Our perspective is that of extreme liberation and vast opportunity.

Returning to the thoughts of Peter Drucker that opened this chapter, we're going to propose that marketing has *become* innovation. Marketing can explore new tools and technologies and integrate them quickly into daily activity, but tools aren't the solution. Tools are the *sine qua non* of good analytics, and good analytics are good marketing hygiene.

Innovation is an exciting concept, and the Internet has made it part of our daily lives. Today you can create a little video on your personal camcorder and make it available to millions of viewers before the sun goes down. Essentially, you can create a commercial for your life. What is the ROI on that marketing investment? If you can do that, your business can do something amazing in the next 30 or 60 days, and your team can analyze the results in real time. That is the most amazing innovation of all.



## Some Final Thoughts

This is a book about taking action. For the senior marketer and web business owner, it's a resource guide that will help inform and empower you to take action based on real data. For the web analyst, it will provide you with a set of strategic mandates to help drive your activities.

This is also a book about marketing and the fundamental changes that are occurring in this discipline. Being *actionable* means that there is something to act on and some reason to take those actions. The Web is the most interactive and measurable medium ever created, but realizing its full value requires significant effort and clear strategy. Building a website is the easy part, measuring your success is a lot more difficult, and taking action based on what you measure is even harder.

We wrote this book because we believe deeply in the Web and the analytics approach. We also believe that doing brilliant design and thinking deeply about brand are essential elements to website creation. The blending of these—the intersection of logic and design—has been the foundation of our success as a web agency, and we hope it can be the foundation of yours as well.