Measuring Success

Lord Kelvin is often quoted on the reason metrics are so important: "If you cannot measure it, you cannot improve it." That statement is ultimately the rationale for web analytics. By enabling you to identify what works and what doesn't from a visitor's point of view, web analytics is the foundation for running a successful website. Even if you get those wrong, web analytics provides the feedback mechanism that enables you to identify mistakes quickly.

In Part I, you will learn the following:

I

Why Understanding Your Web Traffic Is Important to Your Business

1

Web analytics is a thermometer for your website, constantly checking and monitoring your online health. As a methodology, it is the study of online experience in order to improve it; without it, you are flying blind. How else would you determine whether your search engine marketing is effective, or even sufficient, for capturing your potential audience or whether your investment in creating a social media buzz has been worth it? Is the visitor experience a good one, encouraging engagement, repeat visits, and sales, or are visitors bouncing off your website after viewing only a single page?

In Chapter 1, you will learn:

The kinds of information you can obtain from analyzing traffic on your site

The kinds of decisions that web analytics can help you make

The ROI of web analytics

How web analytics helps you understand your web traffic

Where web analytics fits into your organization

Website Measurement—Why Do This?

It's an obvious question and one that has an obvious answer—as provided by the 19th century scientist Lord Kelvin and included in the introduction to Part I. The idea of applying a measurement tool to assess a website's effectiveness is an easy sell. Every business owner or executive understands the importance of measurement. But there's another question that comes up at initial meetings within an organization where website performance is being discussed: Why do we need another measurement tool in our business?

The most common fear is data overload—collecting more information, just because you can, inevitably leads to more confusion, not clarity. This is particularly the case when your website is operating as a silo, that is, not integrated with the rest of your business—a common problem if yours is a nontransactional website. Therefore, an important early step when deciding on a website measurement strategy is to define the value that web measurement can bring to your business. You can achieve this whether yours is a transactional site or not (see "Monetizing a Non-E-Commerce Website," in Chapter 11, "Real-World Tasks"), though here I illustrate value using transactional examples because these are easier to grasp in the first instance.

Figure 1.1 shows the improvement a travel website gained by optimizing its online booking process—that is, the steps a visitor takes in order to book a chosen vacation. (In Google Analytics terminology, the booking process steps are referred to as a *funnel*—directly analogous to any sales funnel in your organization.)
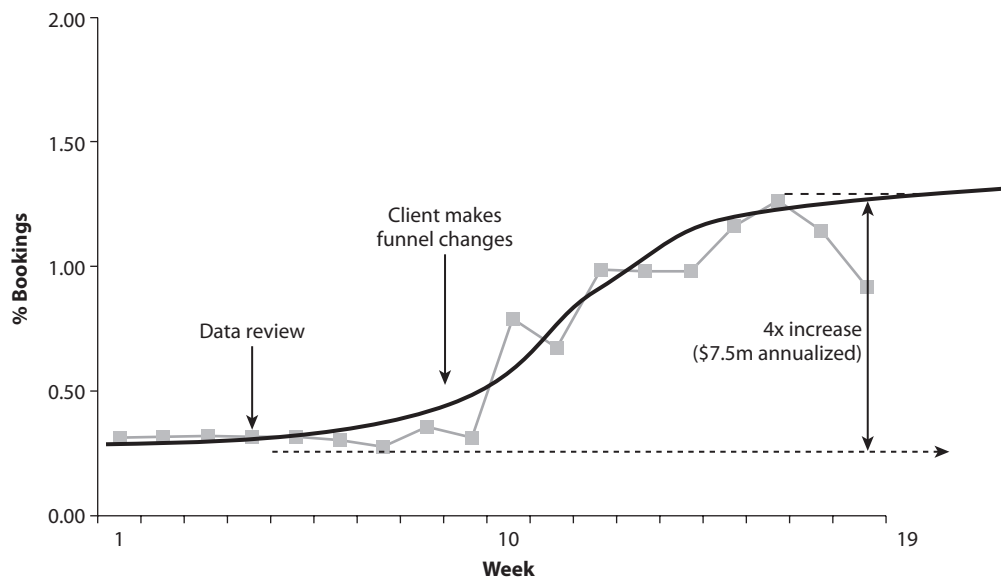

Figure 1.1 Conversion rate change of a travel website before and after improvements. Line of best fit for guidance only.

As you can see, the changes to the booking process took several weeks to implement (the client was not confident enough to take on board all the recommendations at once), but the cumulative impact was dramatic—a 383 percent increase in its booking conversion rate. Put in monetary terms, this equated to an annualized increase in revenue of $7.5 million.

The second example of the value of web measurement is shown in Figure 1.2. In this case, a measurement tool was able to quickly identify problems following the launch of a new site redesign. Essentially, server redirects were incorrectly assigned in the new site, resulting in a 48 percent loss of search engine traffic and a 21 percent loss in sales revenue. Following the identification of the problem, the client's visitor and revenue numbers were back to previous levels within four weeks.
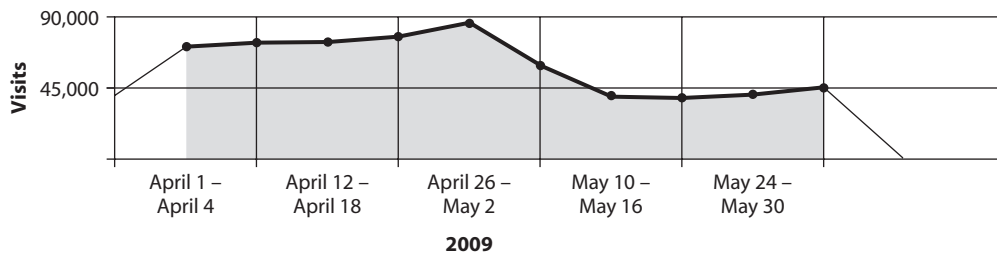
Search Engines

Figure 1.2   The loss of search engine traffic following the launch of a new design

If your website is an important part of your business strategy, then website measurement is also important to that strategy. The magnitudes of each are strongly correlated—that is, the more you spend (or earn) from your website, the greater the need for solid, reliable data from your web measurement tools. Such tools can be used to identify growth opportunities, measure efficiency improvements, and highlight when things go wrong.

Some people will say, "We are only interested in visitors who convert," that is, become a customer, "and not the rest of the reports," but that is misguided thinking. The conversion rate—the proportion of visitors that build a relationship with you (download a brochure or fact sheet, for example) or become a customer directly—is usually only 1 to 3 percent of your total visitor traffic (see Figure 1.4 later in this chapter). While this is clearly a valuable segment of your current business, the other 97-plus percent represents the greatest potential for future improvement.

Conversely, I also hear, "We already track brochure downloads (or e-commerce transactions) in our customer relationship management (CRM system), so we don't need that feature in our web analytics tool." But can your CRM system tell you what marketing campaigns, search engine keywords, or referral links drove visitors to your

site in the first place? Perhaps there were multiple campaigns and referrals involved, including email and social links on Facebook, Twitter, and so forth. Can your CRM system tell you which customers are easier—cheaper—to acquire and rank them accordingly? Or is it able to provide information on which parts of your content are most relevant to your customers? To be honest, I have yet to discover a CRM system that comes even remotely close to closing the loop on customer acquisition, unless it is integrated with a web analytics tool.

Glossary of Terms

At this stage it would be useful for you to be familiar with some of the terminology used in Google Analytics. The following is a short summary. A more complete list can be found at the following location:

`http://support.google.com/analytics/bin/answer.py?hl=en&answer=1033060`

Bounced visitor   A visitor who views only a single page on your website and has no further actions. This is generally considered a bad experience.

Campaign   The name of a specific campaign, for example, book sales (for a paid search campaign), spring sale (for a banner campaign), January newsletter (for an email shot), Facebook offer (for a social media promotion).

Google Analytics Tracking Code (GATC)   This snippet of code must be added to every page on your website to enable Google Analytics to collect and report on visit data. Also more generally referred to as the *page tag*.

Goal conversion   Often abbreviated to just *goal* or *conversion*, this is a desired page or action on your website that is defined as being more valuable than a standard pageview. For example, a "purchase confirmation" page (visitor becomes a customer), a "thank you for registering" page (visitor becomes a prospect), a file download or "click to play video" page (visitor is engaged).

Funnel   A well-defined process (most usually pages) leading to a conversion goal, such as, for example, using a check-out system.

Landing page   The first page visitors arrive on when they visit your website. Also known as the *entrance page*.

Medium   In the context of campaign tracking, *medium* indicates the channel by which a visitor to your site received the link to you, such as, for example, "organic" and "cost-per-click" for search engine links, "email" and "PDF" in the case of newsletters, "referral" for sites that link to you, and "direct" for a visitor who types your web address directly into their browser.

Referrer   The URL of an HTML page that refers visitors to a site. That is, the external page from which visitors come to your website.

Return on investment (ROI)   Calculated as (revenue – cost) / cost and displayed as a percentage.

Session   Also referred to as a *visit* or *visitor session*, this is the measured period of interaction a visitor has with your website. A session starts when a visitor views the first page of your website and ends when one of the following three conditions is met as defined by Google Analytics: 30 minutes has elapsed without visitor activity; the session has reached the end of the day (for the time zone defined in Google Analytics); or the same visitor returns to the website but with new referral parameters. For example, a visitor first arrives at your website via an organic search, closes their browser, then returns (within 30 minutes) via a click on a banner link. The detection of the second visit with the new campaign parameters closes the first session and begins a new one for this visitor. The session time-out value can be adjusted (see Chapter 7, "Advanced Implementation"), though 30 minutes is the unwritten industry standard.

Site search   A website's *internal* site search facility (internal search engine), mostly used on sites with large volumes of content in order to improve the user experience, that is, help the user find information faster.

Source   In the context of campaign tracking, the source is the origin of a referral, for example, `google.com`, `yahoo.co.uk`, the name of a newsletter, or the name of a referring website.

URL (Uniform Resource Locator)   A means of identifying an exact location on the Internet. It is how Google Analytics tracks and reports on pageview activity for your website, for example, `http://www.mysite.com/products/widget1.php`. URLs typically have four parts: protocol type (`HTTP://`), host domain name (`www.mysite.com`), directory path (`/products/`), and filename (`widget1.php`).

Information Web Analytics Can Provide

To do business effectively on the Web, you need to continually refine and optimize your online marketing strategy, social search strategy, site navigation, and page content (as well as how your offline marketing, press releases, and communications interact with your website). A low-performing website will starve your return on investment (ROI) and can damage your brand. But you need to understand what is performing poorly—the targeting of your marketing campaigns, poor reviews of your products or services on the Web, or your website's ability to convert once a visitor arrives. Web analytics provides the tools for gathering this information and enables you to benchmark the effects.

Note that I have been deliberately using the word *tools* in its plural form. This is because the term *web analytics* covers many areas that require different methodologies or data-collection techniques. For example, *offsite tools* are used to measure the size of your potential audience (opportunity), your share of voice (visibility), and the buzz (comments and sentiment) that is happening on the Internet as a whole. These are

relevant metrics regardless of your website's existence. Conversely, *onsite tools* measure the visitor's onsite journey, its drivers, and your website's performance. These are directly related to your website's existence.

Figure 1.3 schematically illustrates how onsite and offsite web analytics tools fit together. From a vendor perspective, the separation of methodologies is not as mutually exclusive as Figure 1.3 suggests. For example, Hitwise, comScore, and Nielsen// NetRatings also have onsite measurement tools, while Google, Yahoo!, and Microsoft have the ability to provide offsite search query data to complement their onsite tools—see, for example, Google Insights (`www.google.com/insights/search/`).
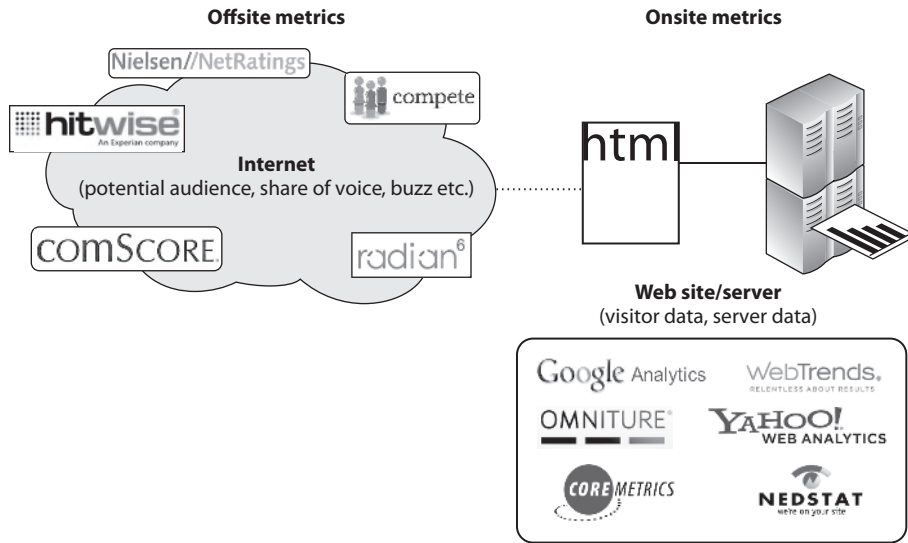

Figure 1.3 Onsite versus offsite web analytics

The differences in methodology between offsite and onsite web measurement tools are significant, and this leads to very different results. Even for basic website numbers, such as the number of visitors a website receives or the total number of pageviews, the values can vary dramatically. This is a constant and exasperating problem for site owners, media buyers, and marketers alike who attempt the futile task of reconciling the metrics. The truth is that metrics obtained with offsite methods cannot be reconciled with those from onsite tools—it's like comparing apples to oranges, and often the differences are large; for example, ±100 percent is not uncommon.

Note: The issues faced when attempting to compare different onsite tools are discussed in Chapter 2, "Available Methodologies and Their Accuracy."

Whenever I'm confronted with this problem from a client, I summarize the differences as follows: Offsite web analytics tools measure your potential website audience. They are the macro tools that allow you to see the bigger picture of how your website compares to others. Onsite web analytics tools measure the actual visitor traffic arriving on your website. They are capable of tracking the engagements and interactions your visitors have, such as, for example, whether they convert to a customer or lead, how they got to that point, or where they dropped out of the process altogether. It is not logical to use one methodology to measure the impact of another. Offsite and onsite analytics should be used to complement each other, not compete against each other.

Google Analytics is an onsite visitor-reporting tool. From here on, when I use the general term *web analytics*, I am referring to onsite measurement tools.

Where to Start

If you have already experienced looking at metrics from pay-per-click advertising campaigns, Google Analytics is simply the widening of that report view to see all referrals and behavior of visitors. If you are new to any kind of web metrics reporting, then the amount of information available can feel overwhelming at first. However, bear with me—this book is intended to guide you through the important aspects of what you need to know to be up and running with Google Analytics quickly and efficiently.

If you are implementing web analytics for the first time, then you will want to gain an insight into the initial visitor metrics to ascertain your traffic levels and visitor distribution. Here are some examples of first-level metrics:

- How many daily visitors you receive
- Your average conversion rate (sales, registration, download, and so on)
- Your top-visited pages
- The average visit time on site and how often visitors come back
- The referral source or channel that is driving the most traffic
- The geographic distribution of visitors and what language setting they are using
- How "sticky" your pages are: whether visitors stay or simply bounce off (single-page visits)

If your website has an e-commerce facility, then you will also want to know the following:

- The revenue your site is generating
- Where your customers are coming from (channel and campaigns)
- What your top-selling products are
- The average order value of your top-selling products

These metrics enable you to establish a baseline from which you can increase your knowledge. Be warned, though, Google Analytics gives you statistics so readily that you can become obsessive about checking them. Hence, as you move deeper into your analysis, you will start to ask more complicated questions of your data:
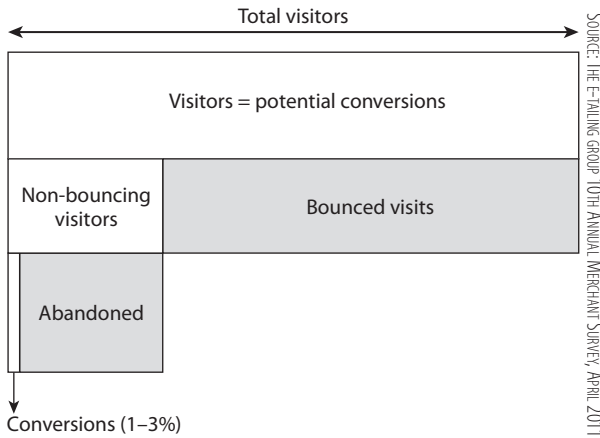
- Where do my most valuable visitors come from (referral source and geography)?
- Which of the most valuable visitors are most likely to make a purchase, and which of those visitors are most likely to make the highest value purchases?
- Which are my most valuable content pages; that is, not just popular pages, but pages that also contribute to the conversion process?
- How do existing customers (or subscribers, downloaders, or social media followers) use the site compared to new visitors?
- Am I wasting money on campaigns that bounce; that is, attracting visitors that only view a single page and then leave?
- Is my site engaging with visitors; that is, does anything on the site help build a relationship with an otherwise anonymous visitor?
- Is my internal site search helping or hindering conversions; that is, can visitors find what they are looking for once on my site?
- How many visits and how much time does it take for a visitor to become a customer (which affects promotion campaigns, email follow-ups, and affiliate relationships)?

All of these questions can be answered with Google Analytics reports.

Consider Figure 1.4, a typical model that most websites fit. It illustrates that the vast majority of websites have low (single-figure) conversion rates. In fact, according to the e-tailing group's 10th Annual Merchant Survey of 2011, the most commonly reported purchase conversion rate for US merchants is between 1.0 and 2.9 percent (see Figure 1.5). Why is that so low, and can it be improved? I can say with certainty that in my 17 years of either developing websites or simply viewing web content for business or pleasure, there has always been room for improvement from a user-experience point of view—including on my own websites. Ultimately, assuming you have a good product or service to offer, the user experience of your visitors will determine the success of your website, and web analytics tools provide the means to investigate this.
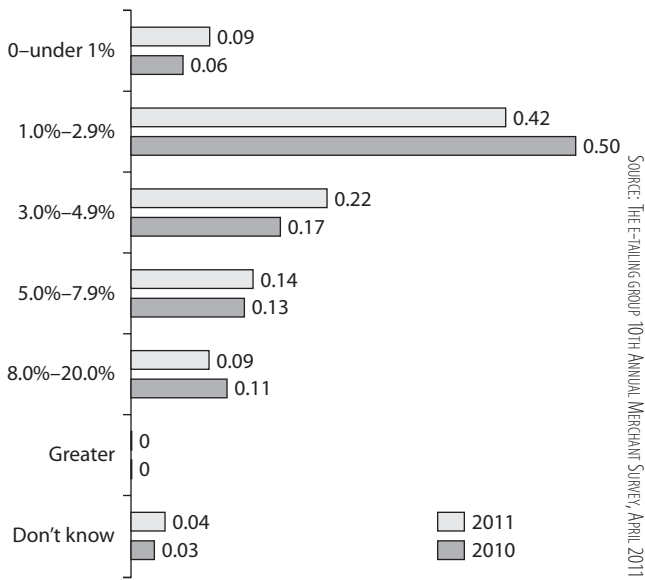
Note: The average conversion rate reported by the e-tailing group corresponds closely with that of Forrester Research, July 2007, and the Fireclick Index (http://index.fireclick.com/fireindex.php). Amazon is often cited as the benchmark standard for optimizing the conversion of visitors to customers. Its conversion rate was reported as 17.2 percent in January 2009 (source: Nielsen Online via www.marketingcharts.com).

Figure 1.4 Schematic website visitor model illustrating the low conversion rates of most websites

Figure 1.5 The most common US merchant conversion rates are between 1.0 and 2.9 (number of orders / number of unique visitors).

Keep in mind that web analytics are tools, not ends in themselves. They cannot tell you why visitors behave the way they do or which improvements you should make. For that you need to invest in report analysis, and that means hiring expertise, training existing staff, using the services of an external consultant, or using a combination of all of these. Often, you may need to employ multiple tools to gain an insight as to why.

These include the use of voice-of-the-customer tools (surveys, customer ratings, and feedback) as well as offsite analytics measurement (market size, social network mentions, sentiment, and so forth).

Decisions Web Analytics Can Help You Make

Knowledge without action is meaningless. The purpose of web analytics is to give you the knowledge from which you can make informed decisions about changing your online strategy—for the better. So it's important to include change—that is, changing your website or its marketing—as part of your metrics strategy. That sounds easy in theory, though often for large organizations, getting all stakeholders aligned and implementing a change is a project in and of itself. Therefore, ensure that you have that buy-in from an early stage; otherwise, you will rapidly become frustrated at your unrewarded efforts (the process is discussed in Chapter 10, "Focusing on Key Performance Indicators").

In terms of benchmarks, it is important that any organization spend time planning its *key performance indicators* (KPIs). KPIs provide a distillation of the plethora of website visitor data available to you as clear, actionable information. Simply put, KPIs represent the key factors, specific to your organization, that measure success.

Google Analytics gives you the data from which KPIs are built and in some cases can provide a KPI directly. For example, saying "We made $10,000 this week" is providing a piece of data. A KPI based on this could be "Our online revenue is up 10 percent month on month"—that is an indicator saying things are looking good. Good KPIs typically have a monetary value, though most are ratios or percentages that enable you to take action. The job of an analyst is to build KPIs specific to your organization. I discuss building KPIs in detail in Chapter 10.

Using KPIs, typical decisions you can make include those shown in Table 1.1.

▶ **Table 1.1** Typical decisions based on KPIs

Observation	Action
We have a new top-selling product that is delivering 20 percent more by revenue than any other.	Reward the web and marketing teams for a job well done!
The average visits per day from organic search has halved compared to last week.	Call the web development team. Investigate any changes in content, redirection, or site architecture. Call the SEO team. Investigate what changes have been implemented recently.
Our last banner campaign cost $5,000 and generated four sales worth a total of $1,000.	Drop the banner campaign ASAP! Then investigate any landing page issues and the marketing message. Perhaps an offer has expired.

Observation	Action
Online purchases increase by 50 percent if we send a follow-up email to new registered visitors within one week.	Ensure that email marketing is an integral part of your business strategy and is tracked within your web analytics tool.
Internal site search is being actively used by 70 percent of visitors. However, most search results are zero, and those that are not generate little revenue.	Call the IT/web team. Investigate changing your internal search engine to improve the user experience and boost sales.
Visits from social media sites are driving goal conversions (brochure downloads), but the paid-search visitors are driving transactions.	Call the marketing team. Acquire more social media visitors to drive branding, reach, and goal conversions. Acquire more paid-search visitors to provide further revenue growth. Call the content team. Investigate up-sell and cross-sell promotions for brochure downloads.

While engaging in this process to improve your website's performance, consider the changes as part of a continuous process, not a one-hit fix. That is, your website is likely to be continuously evolving with new content and products added and removed as well as new technologies deployed to show and display them. Think in terms of the AMAT acronym:

- Acquisition of visitors
- Measurement of performance
- Analysis of trends
- Testing to improve

The ROI of Web Analytics

Google Analytics is a free data collection and reporting tool. However, implementing, analyzing, interpreting, and making website changes all require a resource outlay at your end. The amount of investment you make in web analytics, therefore, depends on how significant your website is to your overall business.

How Much Should I Invest in This?

A great question often heard from Jim Sterne at his eMetrics conference series (www.emetrics.org) is, "What is the ROI of measuring your ROI?" In other words, how much time and effort should you spend on data measurement and analysis, considering that the vast majority of people performing this job role also have other responsibilities, such as webmaster, online marketer, offline marketer, content creator—even running a business. After all, you need to focus on delivering for your visitors and generating revenue or leads from your website.

I like to use the following analogy: Analyzing your web analytics reports is similar to visiting the gym. Unless you go regularly, don't waste your time there because you will only become frustrated at the little impact made from previous sessions. I recommend going to the gym (or performing your preferred form of exercise) at least three times per week. That way, your condition and health improve because of the regularity of the exertion (I have spent a lot of time in gyms). Similarly, regular website analysis is required to provide the insights needed to recommend change. Otherwise, all you have is a hit counter—you will never be able to improve your website because you don't have the insights to do so.

The key to calculating what your web analytics investment should be is understanding the value of your website in monetary terms—either directly as an e-commerce site or indirectly from lead generation or advertisement click-throughs. Marketers are smart, but they are not fortune-tellers. Purchasing clicks and doing nothing to measure their effectiveness is like scattering seeds in the air. Even highly paid experts can be wrong. Moreover, content that works today can become stale tomorrow. Using web analytics, you can ascertain the impact your work has and what that is worth to your organization.

Table 1.2 demonstrates a before-and-after example of what making use of web analytics data can achieve. In this hypothetical case, the target was to grow the online conversion rate by 1 percent, using an understanding of visitor acquisition and onsite factors such as checkout funnel analysis, exit points, bounce rates, and engagement metrics. When this increase is achieved, the values of total profit, P, and ROI, R, shown in the last two rows of the table, put the analysis into context—that is, profit will rise by $37,500 and return on investment will quadruple to 50 percent. Note that this is achieved solely by improving the conversion rate of the site—visitor acquisition costs remain the same.

▶ **Table 1.2** Economic effect of a 1 percent increase in conversion rate

		Before	After
v	Visitors	100,000	100,000
c	Cost per visit	$1.00	$1.00
c_T	Cost of all visits ($v \times c$)	$100,000	$100,000
r	Conversion rate	3%	**4%**
C	Conversions ($r \times v$)	3,000	4,000
V	Revenue per conversion	$75	$75
T	**Total revenue ($V \times C$)**	**$225,000**	**$300,000**
m	Non-marketing profit margin	50%	50%
n	Non-marketing costs (($1-m$) $\times T$)	$112,500	$150,000
c_T	Marketing costs ($v \times c$)	$100,000	$100,000
P	**Total profit ($T - (n + c_T)$)**	**$12,500**	**$50,000**
R	**Total marketing ROI (P / c_T)**	**13%**	**50%**

How much to invest in web analytics

Putting Table 1.2 into context, an achievable target would be to increase your conversion by 1 percent by the end of 12 months. From then on, this hypothetical website would be generating an additional $37,500 per month, per quarter, or per year—depending on the time it takes for you to acquire 100,000 visitors. Therefore, invest up to $37,000 in your web analytics over the same time period to achieve this. Your investment will include the time and resources required to implement and manage your web analytics tool as well as the time and resources required to analyze its subsequent reports in order to gain insights. Assuming you will be using Google Analytics, your data acquisition costs and tool usage costs are zero.

The point is, once you have achieved your 1 percent increase, you will be making more money than your initial web measurement investment cost. Of course, the compounded impact of your work will last much longer, so the actual lifetime value of improvement is always higher than this calculation suggests. At this point, you could of course end your investment—revenue is up. However, as described in the previous section, you will want to use the AMAT approach for continuous improvement and grow to the next level.

Table 1.2 uses a transactional site as an easy-to-understand example of the power of what using a web analytics tool can deliver. However, the same approach can be applied if you have a nontransactional site. In this case, substitute the revenue per conversion value (*V*) with your approximate revenue per lead value. That is, the potential revenue you expect to earn from a qualified lead. This technique is discussed in Chapter 11, "Monetizing a Non-E-Commerce Website."

How Much to Spend on Web Analytics

To manage expectations, I suggest organizations allocate 5 to 10 percent of their total online marketing budget to visitor measurement and its analysis—that is, putting aside any data collection or licensing fees (if you are not a Google Analytics user). The reasoning is that investing in a good person and good setup can easily save or grow that amount back for you; often the return is much greater.

If your online marketing budget is $100,000 per year or less, you clearly cannot afford to have a dedicated in-house person, and the workload will not be sufficient to justify it. Instead, buy in professional services from an expert to support and train you on a part-time or ad hoc basis. If you have a $1 million online marketing budget per year, consider a dedicated in-house person to manage your tracking and analysis needs, and so on. I list where you can get help at the end of this chapter.

How Web Analytics Helps You Understand Your Web Traffic

As discussed earlier, viewing the 100-plus reports in Google Analytics can at first appear overwhelming—there is simply too much data to consume in one go. Of course, all of this data is relevant, but some of it will be more relevant to you, depending on your business model. Therefore, once you have visitor data coming in and populating your reports, you will likely want to view a smaller subset—the key touch points with your potential customers. To help you distill visitor information, you can configure Google Analytics to report on goal conversions, then refine these further with advanced segments.

Identifying goals is probably the single most important step of building a website—it enables you to define success. Think of goal conversions as specific, measurable actions that you want your visitors to complete before they leave your website. For example, an obvious goal for an e-commerce site is the completion of a transaction—that is, buying something. However, not all visitors will complete a transaction on their first visit, so another useful e-commerce goal is quantifying the number of people who add an item to the shopping cart, whether they complete the purchase or not—in other words, how many begin the shopping process.

Regardless of whether you have an e-commerce website or not, your website has goals. A *goal* is any action or engagement that builds a relationship with your visitors, such as the completion of a feedback form, a subscription request, leaving a comment on a blog post, downloading a PDF white paper, viewing a special offers page, or clicking a social media button, such as a Facebook Like button, Google +1 button, or Follow Us on Twitter icon. Think of a goal as something more valuable to you than a standard pageview. As you begin this exercise, you will realize that you actually have many website goals. Defining goals is discussed in Chapter 8, "Best Practices Configuration Guide."

With goals clearly defined, you simplify the viewing of your visitor data and the forming of a hypothesis. Your goal conversions become your at-a-glance key metrics. They are the focus for further analysis with advanced segmentation, for example. Knowing instantly how many, and what proportion, of your visitors convert enables you to promptly ascertain the performance of your website—whether you should do something about it or relax and let the computers continue to do the work for you.

Where Web Analytics Fits In

As you might expect, I consider web analytics to be at the center of the universe (well, the digital universe anyhow)—see Figure 1.6. The Web is both your research tool and your feedback tool. For example, what are people looking for online and what do they

think of your products or services—both before and after purchase? Whether you are actively engaged in digital marketing or not, it is highly likely that potential new customers will be looking online for a company just like yours to help them. Your existing customers use the Web to find updates, your contact details, or support information or to submit valuable product suggestions. There are even job seekers and investors to consider.
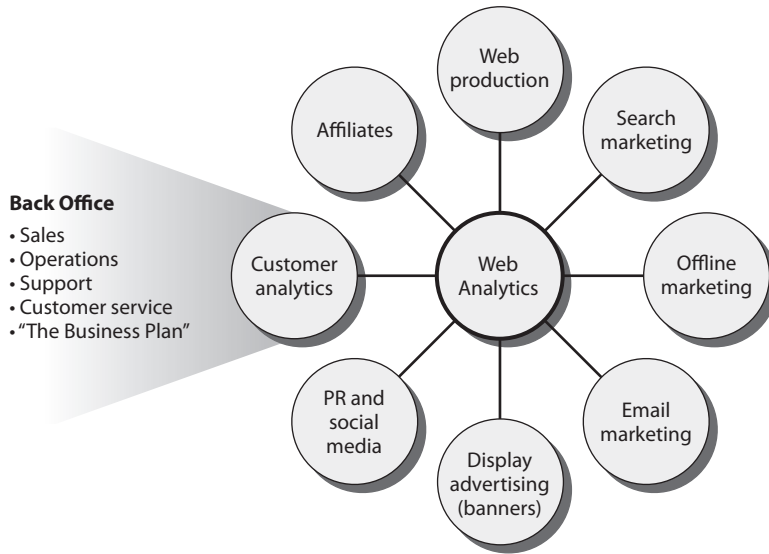

Figure 1.6 Where web analytics fits in an organization

Of course, I am preaching to the choir—why else would you be reading this book? The point I wish to make is that for a *switched-on* organization, your website touches all parts of your business. Hence, your web analytics tool is in a unique position to provide a unified measurement platform that all sides of your business can use—a common currency for measurement, so to speak.

That doesn't mean that you have to force all sides of your business to use only one measurement tool. That would be foolish to attempt. For example, customer analytics (data mining of CRM, or customer relationship management, systems) is a very different field from the almost completely anonymous world of web analytics, hence the dashed line connecting these two in Figure 1.6. Similarly, measuring the buzz and sentiment of your brand on social networks and search engines requires the use of off-site web analytics tools, which use very different techniques from onsite web analytics.

Nonetheless, it is still possible (and desirable) to have a unified web analytics tool that can support all aspects of the business to a greater or lesser extent, while more specialized tools can be used to dig into finer detail if required.

How Is Google Analytics Different?

Google Analytics was launched on November 11, 2005, and a major part of the announcement was that the product was free. This was a tipping point in the industry. Overnight, Google rewrote the entire industry business model—giving away a deep-dive web analytics tool while everyone else charged based on volume of traffic.

The impact of that decision was dramatic. An industry that once counted its customers in the tens of thousands now exploded. In fact, so dramatic was the uptake of the service that it had to close to new subscribers for 10 months while new machines were allocated to the number-crunching tasks at Google's data centers. However, once we reopened, the user base of Google Analytics rapidly expanded and went beyond 1 million in a matter of months.

There is a common, old-economy saying, "There's no such thing as a free lunch." However, providing free products has been a key driver for the growth of the Internet over the past 15 years. Pioneered in the early days by products such as Linux, Apache, and Hotmail, and further extended by Google, Mozilla (Firefox), Facebook, YouTube, Twitter, and many others (including my favorite radio station RadioParadise.com), the business ethos has been rewritten—offering items for free in order to make gains elsewhere.

For Google Analytics, the "gains elsewhere" are Google's advertising products—AdWords and AdSense. By providing a tool that helps website owners, in particular digital marketers, understand the performance of their website, Google hopes you will have the confidence to spend more money with its web advertising products. Google Analytics therefore provides transparency and accountability for these revenue-generating products (Google dominates online advertising globally with its $40-billion-a-year turnover).

Many books discuss the free and open-source business ethos of companies such as Google and its peers. I recommend those written by Chris Andersson, John Battelle, and Seth Godin as great examples.

Is Google Analytics Really Free?

Although the data collection and reporting from Google are free, an investment is required from your organization in order to have Google Analytics implemented correctly, staff trained, and insights gleaned. However, the use of Google Analytics remains free, whether you are an advertiser or not. The only caveat is that if you receive more than 10 million data hits per month—that is, a combined traffic volume from pageviews, events, and transactions—you need to either sample your data collection so that it falls below this threshold, or upgrade to the Premium, paid-for, product. Google Analytics Premium is discussed in Chapter 3.

Targeting Digital Marketers Rather Than IT Departments

Historically, and still to a great extent today, web analytics vendors target IT departments to sell their products. Hence the focus is on features, technology, complexity, and the big budgets required to utilize these. Google's approach to analytics is the opposite of the industry trend (key reason I joined the company!). Targeting marketing departments by simplifying the implementation, minimizing complexity, and removing the barrier to adoption, that is, providing the product for free, has proved to be an extraordinary success.

The Google Analytics philosophy, therefore, is for you to focus your budget on insights rather than data collection and reporting. That way, you are much more likely to invest online with products such as AdWords and AdSense.

> **Tip:** For more on the approach and vision of Google Analytics, read Occam's Razor (`kaushik.net/avinash`), the popular blog from Avinash Kaushik, official Google Analytics evangelist, author, and all-around nice guy.

Where to Get Help

Apart from reading this book to expand your knowledge, you can tap into Google itself for a number of self-help resources. There are also numerous self-help groups, forums, and enthusiasts and a global network of official Google Analytics Certified Partners.

Resources Provided by Google (Free)

Google has the largest free resource of web analytics information available in the world. In addition to being regularly updated (by Patricia Boswell and her team at Google), it is also available in all the Google Analytics supported languages—currently numbering 31 languages.

- Google Analytics Help—an online searchable manual and reference guide: `www.google.com/support/googleanalytics`.
- Google Conversion University—structured learning enabling you to become qualified in Google Analytics. The Google Analytics Individual Qualification (IQ) is proof of implementation proficiency. A step-by-step curriculum is provided via YouTube video walk-throughs to help you prepare for the test: `www.conversionuniversity.com`.
- YouTube official Google Analytics channel—clear and concise video walk-throughs of features and real-world usage: `www.youtube.com/googleanalytics`.
- Official Google Analytics blog—news blog of the latest product announcements, what's new, events, Conversion University, Help Center, and more: `http://analytics.blogspot.com`.

Non-Google Resources (Free)

With the huge adoption of Google Analytics (now millions of accounts), there are a large number of independent blogs and user forums that you can turn to for advice and help.

- Measuring Success—the official blog and companion site for this book: `www.advanced-web-metrics.com`.
- Google Analytics Help Forum—a threaded message-board system. Members are any Google Analytics users (and potential new users). Google Analytics Certified Partners regularly participate as well as the occasional Google support staff: `http://groups.google.com/group/analytics-help`.
- Numerous other helpful blogs and forums are listed in Appendix C.

Official Google Analytics Certified Partners (Paid)

The Google business model gives you a free product with the option to purchase a tailored professional services package directly from an authorized consultant in your region. If you are investing in web analytics yet cannot afford full-time resources in-house, a global network of third-party Google Analytics Certified Partners (GACP) is available.

GACPs are independent of Google, are often experts with multiple vendor tools, have a proven track record in their field, and provide paid-for professional services such as strategic planning, custom installation, onsite or remote training, data analysis, and consultation. The full list of GACPs can be found at `www.google.com/analytics/partners.html`.

Summary

In Chapter 1, you have learned the following:

The opportunities and benefits web analytics can bring your organization These include growing your business, improving efficiency, and reducing costs.

The kinds of information you can obtain from analyzing traffic on your site This includes visitor and page value, traffic volumes, top referrers, time on site and depth on site to conversion rates, page stickiness, visitor latency, frequency, revenue, and geographic distribution, to name a few.

The kinds of decisions that web analytics can help you with For example, web analytics can help you determine whether visitors from social media sites such as Facebook, Twitter, and LinkedIn have a positive impact on your website's reach and conversions; which visitor acquisition channels work best and to what extent these should be increased or decreased; whether site search is worth the investment; and whether overseas visitors would be better served with more localized content.

The ROI of web analytics Knowing how much time and effort to invest in web analytics, without losing site of your objectives, will keep you focused on improving your organization's bottom line.

How web analytics helps you understand your web traffic By focusing metrics on goal-driven web design, you concentrate not only your own efforts but also those of your visitors on clear calls to action. This simplifies the process of forming a hypothesis from observed visitor patterns.

Where web analytics fits in Integrating web analytics into your entire organization helps keep everyone on the same page when it comes to measuring performance.

Where to get help The growth of web analytics adoption over recent years has led to a plethora of resources to turn to, should you wish to explore beyond this book.