

March 29, 2010

# How Web Analytics Will Emerge As A Cornerstone Of Customer Intelligence

by Joseph Stanhope  
for Customer Intelligence Professionals



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## How Web Analytics Will Emerge As A Cornerstone Of Customer Intelligence

Using Site-Based Intelligence To Drive Multichannel Marketing Improvements

by **Joseph Stanhope**

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### EXECUTIVE SUMMARY

Marketers today have a dizzying array of online and offline touchpoints at their disposal, but without a doubt all roads lead through the Web. For most organizations, Web sites, microsites, landing pages, communities, and other interactive properties are mission-critical for acquiring, retaining, and nurturing customers and other target audiences. By definition this reality makes the Web one of the most crucial sources of insight for Customer Intelligence (CI) professionals. To put that insight into action, firms must leverage Web analytics beyond isolated Web site marketing and operations to feed analysis, decision support, and execution for the entire marketing function. This report outlines the future trajectory of Web analytics technology and gives CI professionals pragmatic advice about how to use that technology as a foundational component for customer intelligence that fuels multichannel marketing effectiveness.

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Forrester interviewed 15 vendor and user companies for this report.

#### **Related Research Documents**

["US Web Analytics Forecast, 2008 To 2014"](#)  
May 27, 2009

["Defining The Online Marketing Suite"](#)  
October 17, 2007

## THE WEB IS AN UNDERUTILIZED SOURCE OF CUSTOMER INSIGHT

Marketers are committing considerable effort to creating highly relevant integrated marketing communications spanning online and offline, outbound and inbound, mass and addressable. The breadth and depth of options presents an incredible palette to marketers from which to create customer interactions, but the Web rises above all others as the tie that binds marketing channels together. This phenomenon is evident in countless scenarios, such as email campaigns that drive recipients to the Web site or the use of rich media within predominantly offline advertising campaigns. And yet marketers still fail to realize the fullest potential of Web-based intelligence in the context of multichannel marketing. Why? Because:

- **Customer Intelligence teams are already overextended.** No Customer Intelligence professional has ever complained about a surplus of free time. Extending the use of existing Web-based intelligence requires stretching beyond day-to-day business tasks and project work, a luxury that lean Customer Intelligence teams simply cannot afford in these recession-wracked times.
- **Marketing responsibilities still live in channel-specific silos.** The customer experience is frequently broken down into components and owned by different departments, teams, or lines of business, resulting in substantial integration challenges. The complexity of synching customer data grows exponentially when offline and online marketing are considered different business units or when channel relationships are spliced apart between Web, bricks and mortar, media, and CRM teams.
- **Most firms lack an evangelist for Web intelligence.** Outside of those who specialize in online channels, most marketers in the enterprise are not aware of the cross-channel value of Web-based intelligence. This squandered opportunity needs to be rectified by savvy CI professionals who understand the potential of — and can act as an advocate for — the multichannel business value of customer insights from the Web.

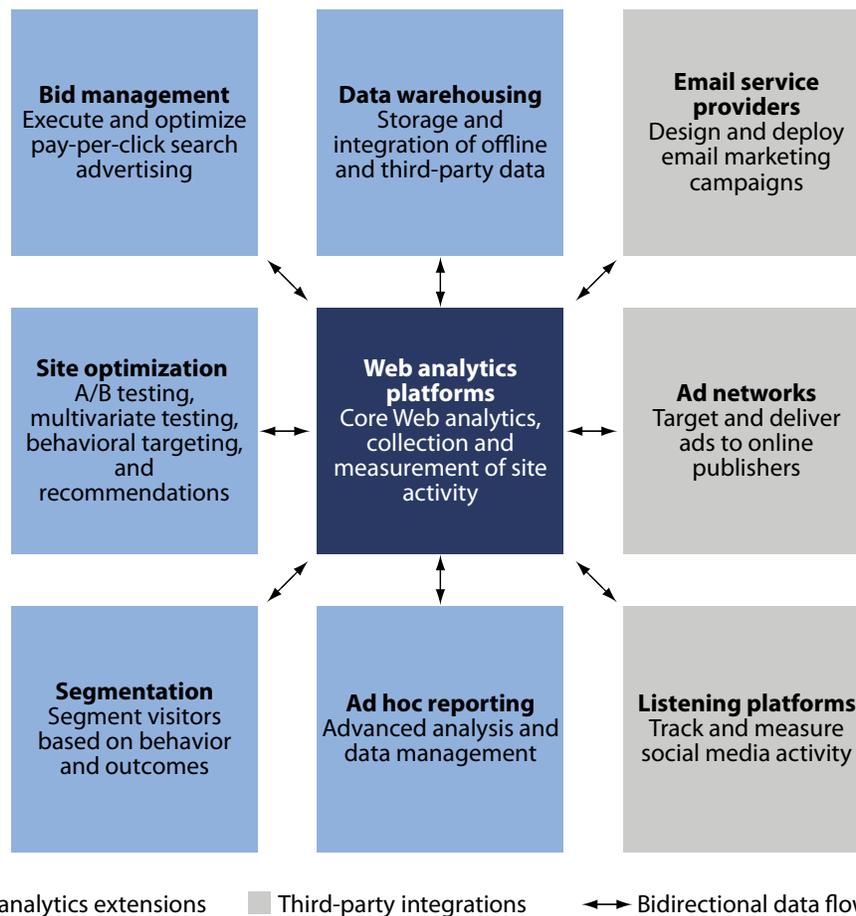
## ENTER THE WEB ANALYTICS PLATFORM

If the Web is the common thread throughout the marketing mix, marketers can ill afford to miss the opportunity to use Web analytics to close the gaps between cross-channel marketing tactics. We believe that Web analytics platforms are one of the most critical sources of activity and insight for Customer Intelligence because they (see Figure 1):

- **Enjoy near universal adoption.** At this stage, the penetration of Web analytics technology is extremely broad and most companies already have the Web analytics capabilities in place and are gathering the requisite baseline data from which to start building strategic Customer Intelligence.<sup>1</sup>
- **Provide rapid feedback.** Activities on the Web play out in rapid time frames; campaigns are often completed in days or even hours, essentially at the speed of light when compared with traditional media cycles. The ability to gather and analyze data quickly allows for testing and iterative improvements that few channels can rival.

- **Deliver insight to a variety of stakeholders.** Web analytics reports and dashboards, overwhelmingly delivered as software-as-a-service (SaaS), can be distributed to the entire marketing team in numerous formats that are appropriate for varying types of audiences, creating a consistent view of activity and foundational set of data for CI initiatives.<sup>2</sup>
- **Offer substantial qualitative and quantitative customer data.** The Web site delivers granular customer data on a large scale to support significant samples of specific behavior and outcomes. This data includes a cross-section of known customers as well as anonymous visitors who can be analyzed and used to support specific Customer Intelligence objectives such as segmentation, remarketing, and behavioral targeting.
- **Link to other channels and activities.** Just as the Web site serves as a hub for customers' multichannel activity, Web analytics platforms provide Customer Intelligence professionals with the ability to measure that activity and attribute business results from the Web to other cross-channel marketing programs.

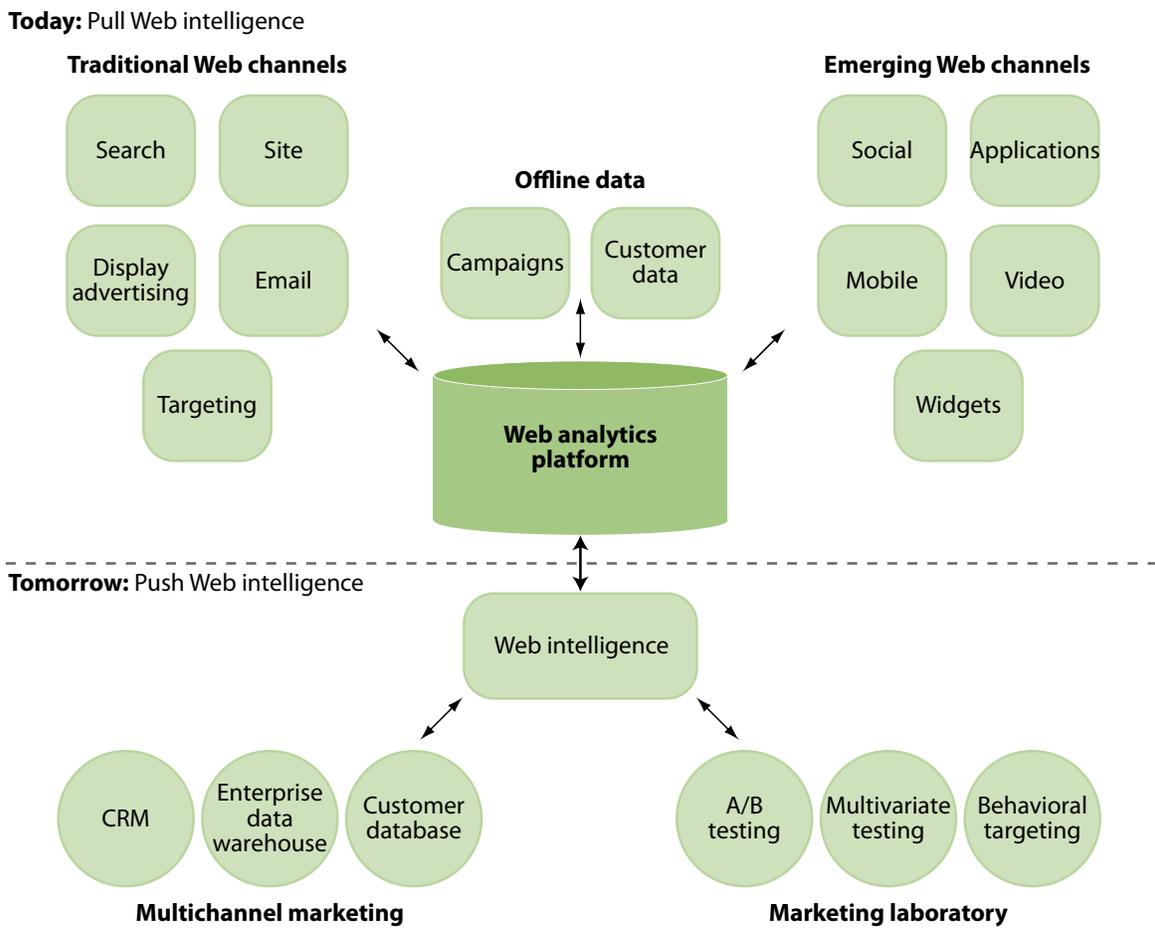
**Figure 1** The Modern Web Analytics Platform



**WEB ANALYTICS TECHNOLOGY WILL EXTEND BEYOND THE WEB SITE IN TWO PHASES**

To optimize marketing performance in a Web-centric world, marketers must apply Web intelligence beyond the scope of site-level analysis. To be sure, Web analytics will still retain its prominence for Web analysts and eCommerce specialists who need to track traditional Web metrics such as page views, unique visitors and exit pages. But Customer Intelligence professionals should build on the intrinsic characteristics of Web analytics tools to integrate data across sources and campaigns and then leverage Web Intelligence to inform multichannel marketing activities (see Figure 2).

**Figure 2** Web Analytics Evolves In Two Phases



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Source: Forrester Research, Inc.

## Today: Web Analytics Cements Its Position As The Nucleus Of Online Measurement

Web analytics provides the baseline principles and foundational technology to serve as the central clearing house for tracking and measuring activities across the digital media spectrum, making it the heart of a broad ecosystem of digital channels and activities. By integrating this treasure trove of Web data, Customer Intelligence professionals will begin to turn their Web analytics solutions into a single source of digital insight that provides the means to sync inbound and outbound activity. This evolutionary phase is in progress today as Web analytics vendors endeavor to build an expanding array of capabilities. The result is that Web analytics solutions are surpassing commodity functionality and starting to exhibit many of the characteristics that Forrester forecast for the Online Marketing Suite.<sup>3</sup> How? Vendors are extending their platforms to:

- **Capture the social media zeitgeist.** The social media explosion creates an entirely new subset of Web channels, and with consumers in the driver's seat, listening is now as important as contributing. Web analytics vendors like Coremetrics and Webtrends are now offering purpose-built analytics extensions to measure activity on social networks such as Facebook and overlay those metrics onto existing tracking mechanisms to support integrated online analytics and attribution.
- **Enable rich media to be the engaging content consumers crave.** Marketers are going all out to create relevant content that drives site traffic and engages customers. Rich media, namely video, as well as content from multimedia and application development technologies such as Adobe Flash and Flex, require special consideration for tracking and measurement. But these should not be separated from standard Web measurement. Why? Because rich media is usually served up alongside or within traditional Web protocols. The power of rich media is driving serious investments, including Adobe's 2009 acquisition of Omniture, which clearly envisions measurement and optimization becoming a top consideration even at the point of content creation.<sup>4</sup>
- **Support the very personal and growing mobile Web.** The rapid penetration of increasingly powerful Internet-connected mobile devices has created a new window to the Web that features its own standards and usage patterns. Mobile Web analytics is essentially a subcategory of traditional Web analytics and should be used in-line accordingly.
- **Incorporate offline data into the online marketing mix.** Marketers are increasingly pulling information from offline sources, including operational, customer, and campaign history data into Web analytics platforms. This helps to enable comprehensive on-site decision support, provide contextual analysis, and drive more meaningful metrics. With 53% of US online consumers researching products online but buying offline, this capability is imperative for Customer Intelligence professionals.<sup>5</sup> Vendors like Omniture and Webtrends are now providing robust data warehouse options to accommodate these data feeds and integrate them seamlessly into the Web analytics tool set.

### Tomorrow: Comprehensive Web Intelligence Will Drive Value Throughout The Marketing Mix

As Web analytics platforms continue to evolve, Web data will be pervasive throughout most customer interactions. Platform extensions will tie together digital measurement tools, and marketers will be in a position to expand the influence of Web intelligence to drive customer interactions across channels. This closely aligns with Customer Intelligence professionals' goal to obtain a more complete set of insights that in turn enable a more responsive and adaptive marketing organization. Extending the use of Web intelligence in this way will help CI professionals:

- **Give the contact center context.** Contact centers need customer data — and they need it within the context of active interactions. By extending Web intelligence, CI practitioners will be able to include online insights to round out existing contextual information to drive more effective customer interactions. For example, data on customers' recent Web site visits, relevant social media activity, or usage of other support outlets can be passed through to call center agents (CSAs) along with standard contact history and account information. This will enable CSAs to more closely match customers' needs and dispositions and drive appropriate next actions.
- **Assemble a comprehensive customer profile.** Customer Intelligence professionals need to get marketing teams to share activity, transactional, and historical data to ensure they are targeting effectively.<sup>6</sup> These Web-derived advances will drive real-time intelligence and support inbound as well as outbound marketing. Tomorrow's Web analytics platforms will help facilitate this synchronization to inform timely and relevant relationship nurturing and campaign development across all channels.<sup>7</sup> How? One way is the analysis of digital media activity prior to the launch of campaigns to better understand customers' propensity to purchase. Another is to actively track campaigns to provide insight into customer buying cycles and identify opportunities for micro-segmentation and remarketing.
- **Transform the Web into a laboratory.** The Web's speed, flexibility, and data-driven nature make it the ideal testing ground for branding and marketing concepts, regardless of the intended execution channel, even those destined for offline or mass media delivery. Marketers will be able to rapidly test email, advertising, technical site decisions, and direct marketing campaign prototypes on the Web site without interrupting mainstream site activity by using Web analytics platform extensions such as A/B testing, multivariate testing, and behavioral targeting techniques.

## RECOMMENDATIONS

### IMPLEMENT A WEB INTELLIGENCE HUB FOR CUSTOMER INTELLIGENCE

Today's marketing processes generate tremendous amounts of data, which is typically managed and analyzed in isolated, channel-specific silos within the marketing organization. That approach fails to realize that the full potential of integrated Customer Intelligence is greater than the sum of its parts. CI professionals should start building a Web intelligence hub to take advantage of the fact that the Web site is an anchor point for multichannel customer interactions. To successfully deploy a Web Intelligence hub, CI professionals must:

- **Identify candidate activities for enhanced CI.** It's not practical to perform multichannel data and analysis integrations across the entire marketing mix at once. Customer Intelligence professionals should look for early wins by mapping out existing customer experience funnels that are threaded through digital channels. Then prioritize activities that currently lack deep customer insight that an infusion of Web intelligence can provide. For example, Web analytics and Social Intelligence are obvious bedfellows as escalating bi-directional activity by brands and consumers on social networks drives marketers to close the loop between Web sites and social media.<sup>8</sup>
- **Do more with the Web analytics platform.** The most obvious way to extend an existing Web analytics implementation is by closing data collection and analysis gaps through the addition of functionality from your vendor's own tool kit or from its certified partners. Common Web analytics channel extensions include integrated applications for pay-per-click search marketing, email marketing, and social media monitoring. Analytical extensions to Web analytics include A/B and multivariate testing and behavioral targeting applications. Organizations with significant investments in internal IT should also pursue integrations between their Web analytics platforms and enterprise data warehouses to further support multichannel marketing.
- **Push Web intelligence insights into multichannel marketing initiatives.** Once the Web Intelligence hub is in place, it's time to put the insights into action within the targeted programs and campaigns. Start by gathering data alongside existing processes, audit the data and analysis deliverables for accuracy, document baseline performance, and then begin leveraging the insights for decision-making.
- **Sweat the details to connect the dots.** Despite vendors' increasingly open stance on bi-directional data exchange and the availability of comprehensive integration points such as APIs and XML technology, the onus is on CI professionals to understand the flow of data. Pushing and pulling data around the enterprise and between suppliers adds complexity that if managed improperly, results in serious data quality and attribution problems. To prevent these issues, focus on defining the system of record, primary keys, and ownership of each element of the program at the beginning of every project.

- **Road trip!** Be a strong advocate for the vision of truly integrated multichannel marketing organization, supported by the Web intelligence hub. Schedule an internal road show, host Webinars, hold brown bag lunches, start a blog, or send out a newsletter outlining incremental progress and success stories. Taking the time and effort to educate peers, executives, and suppliers will cultivate a culture that values Web-based intelligence and helps others recognize the untapped potential of this insight. Do as much as busy schedules and the travel budget can withstand. In other words, over-communicating is never a bad thing.

#### WHAT IT MEANS

##### THE EMERGING WEB INTELLIGENCE HUB SETS BROAD MARKETING CHANGES IN MOTION

Organizations are increasing their absolute and proportional marketing spend on digital channels in spite of a global recession, indicating that the Web is accepted as an indispensable fixture in marketing.<sup>9</sup> Over the next two to three years the emphasis on using Web intelligence to inject customer knowledge deeper into the enterprise will drive fundamental changes in multichannel marketing. While offline marketing channels will continue to serve as valued components of the mix, they will come under increased scrutiny as marketers look to emulate the transparency and effectiveness of the Web channel.<sup>10</sup> Ultimately, marketers' sense of self-preservation will force them to rationalize their priorities and make significant adjustments to the balance of their marketing mix based on measurable attribution and irrefutable accountability.<sup>11</sup>

#### ENDNOTES

- <sup>1</sup> Forrester data indicates that 73% of businesses are currently using or piloting Web analytics technologies. See the May 27, 2009, "[US Web Analytics Forecast, 2008 To 2014](#)" report.
- <sup>2</sup> Traditional licensed software solutions launched the Web analytics industry off its starting blocks in the late 1990s, yet hosted offerings overtook their licensed counterparts in 2006. Since then, the use of hosted offerings has grown dramatically. See the May 27, 2009, "[US Web Analytics Forecast, 2008 To 2014](#)" report.
- <sup>3</sup> The complete Online Marketing suite has two core components: 1) the central hub — the molten core of the suite that enables marketers to manage and integrate online data, and 2) the network — a thriving community of technology and service partners that delivers execution, targeting, and measurement services. The central hub is the novel part of the suite; current interactive marketing specialist vendors will make up the network layer. See the October 17, 2007, "[Defining The Online Marketing Suite](#)" report.
- <sup>4</sup> On September 15, 2009, Adobe announced that it would acquire Omniture for \$1.8 billion. Adobe's CEO, Shantanu Narayen, promised that the combined entity would help marketers realize the full value of their digital assets. For Forrester's take on this acquisition, see the September 24, 2009, "[Adobe's Acquisition Of Omniture Rocks Online Marketing](#)" report.

- <sup>5</sup> Fifty-three percent of US online consumers say they research products online that they subsequently buy offline, illustrating the Web's substantial potential to influence and drive sales made via other channels. See the February 5, 2010, "[Using Digital Channels To Create Breakthrough Multichannel Relationships](#)" report.
- <sup>6</sup> A comprehensive view of the customer helps marketers deliver productive customer experiences, support marketing measurement, and drive new business opportunities. See the June 19, 2008, "[Creating A Multichannel View Of Your Customer](#)" report.
- <sup>7</sup> The shift from traditional programs underpinned by mass advertising, direct mail, and telemarketing to highly relevant and personalized communications delivered through a multitude of interactive and direct channels doesn't happen overnight. Marketers need a new set of tools to support this transformation. Campaign management solutions — at the center of marketing communication design, development, and execution — must evolve to support this transformation. See the December 14, 2009, "[The Forrester Wave™: Cross-Channel Campaign Management, Q4 2009](#)" report.
- <sup>8</sup> But most CI professionals still don't integrate listening into other aspects of their marketing strategies. CI professionals must develop a strategy to make listening a core part of the bigger picture. See the March 12, 2010, "[Defining Social Intelligence](#)" report.
- <sup>9</sup> Our forecast examines the pace of the shift toward interactive marketing as a more substantial part of the marketing mix. We expect search marketing, online display advertising, email marketing, social media, and mobile marketing collectively to grow to nearly \$55 billion by 2014. See the July 6, 2009, "[US Interactive Marketing Forecast, 2009 To 2014](#)" report.
- <sup>10</sup> Marketers can't see value in multichannel marketing until they can measure it. TV spending is still the biggest above-the-line expense, even as Internet usage increases and mass media audiences fragment. Yet 65% of marketing leaders think Internet measurement is more useful than TV measurement. See the January 15, 2010, "[The Future Of Media Measurement](#)" report.
- <sup>11</sup> Our latest research uncovers 40 best practices that leading Customer Intelligence (CI) professionals use to build a culture of accountability, and we grouped them into four categories: 1) strategic organizational alignment; 2) cross-functional business processes; 3) value-based metrics; and 4) transparent communication of results. See the March 23, 2010, "[The Marketing Accountability Index](#)" report.

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