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Web Analytics 2.0

THE ART OF ONLINE ACCOUNTABILITY
& SCIENCE OF CUSTOMER CENTRICITY

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The Optimal Strategy for Choosing Your Web Analytics Soul Mate

In the new world order of Web Analytics 2.0, you must move beyond the mental model of a "single source of truth" to a true Multiplicity strategy to identify actionable insights faster. How do you do that? Tools! You must pick 'em right and make sure that one step forward is not three steps back.

In this chapter, you'll learn how to do deep introspection to understand your needs better, how to get the truth out of analytics vendors, how to compare analytics tools, and how to run a pilot and negotiate a contract.

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Predetermining Your Future Success

We are blessed to have a number of robust free or commercial tools to solve for Web Analytics 2.0. Unfortunately, we significantly underappreciate how critical picking the right tool is. Or how much a wrong tool can regress the organization.

For example, my company chose a web analytics tool after sending a glorious request for proposal (RFP) that contained every question on Earth. The chosen tool took us 15 months to completely implement and then 6 months to get the first inkling that it was completely wrong for the company. Guess that RFP was not so robust after all! By then, we were too vested in the tool—via people, systems, and processes—to change anything quickly. In another 6 months, the senior leader who helped choose this expensive tool left the company. The new leader immediately saw the problem and started the process of choosing a new tool. The company had been stagnant now for more than two-and-a-half years. It took us another 9 months to pick and implement the right tool.

Total time to making strategic web decisions: terribly longer than it needed to be.

You might think this situation happens only at large companies or only at other companies. Trust me, it is probably happening at your company.

We tend to pick tools like we are picking a marriage partner. When we choose wrong, we don't want to accept it. The reality is that few things will impact your chances at success more than picking the right set of tools for the unique needs of your company—small or medium or large.

The 10/90 Rule

My entry into the world of web analytics was enlightening. The company had one of the best tools money could buy, yet decisions were gut-driven, and all that data was for naught.

The lesson I learned from that experience caused me to postulate the 10/90 rule (published on my blog on May 19, 2006):

- Our goal: highest value from web analytics implementation.
- Cost of analytics tool and vendor professional services: $10.
- Required investment in "intelligent resources/analysts": $90.
- Bottom line for magnificent success: it's the people.

The rationale was simple because of four basic problems:

- Websites are massively complex, and although tools can capture all that data, they don't actually tell you what to do.
- Most web analytics tools in the market, even today, simply spew out data. Lots of it.

The 10/90 Rule *(Continued)*

- We don't live in our simple Web Analytics 1.0 world. We now have to deal with quantitative data, qualitative data, results of our multivariate experiments, and competitive intelligence data that might not tie to anything else.
- One of the most powerful ways to convert data into insights is to keep up with the "tribal knowledge" in the company: unwritten rules, missing metadata, the actions of random people (OK, your CEO), and so on.

To solve these four problems, you need an analyst, that is, a person with a planet-sized brain. Invest multiple times more in her or him, or more of them, if you truly want to take action on your data. Otherwise, you are simply data rich and information poor.

With the proliferation of options online and the sophistication of the Web now, the 10/90 rule is even more relevant today.

Nitpicking: I currently work as the analytics evangelist for Google. Lots of people, mathematically superior people, tell me that with the existence of free tools the 10/90 rule is invalid: the tools ($10 part) are now free. My answer to them is that the tools are still not "free." If I want to use Google Analytics or Yahoo! Web Analytics, the cost of the tool is zero, but I may have to spend $5,000 working with an authorized consultant to implement it correctly. There's your $10. Now go spend $90 in getting people with planet-sized brains to make sense of all your data!

Step 1: Three Critical Questions to Ask Yourself Before You Seek an Analytics Soul Mate!

The biggest mistake we make in the process of selecting tools is that we never pause to reflect on our own awesomeness or, more likely, a lack thereof. We jump into bed with the closest tool that will sleep with us. We rarely consider the qualities that might determine whether that tool is right for us.

So, step *numero uno* is self-reflection and a brutally honest assessment of your own company, its people, and its position in the evolutionary cycle.

Use the following three questions to prompt the critical self-reflection that should help you pick the right Web Analytics 2.0 soul mate.

Q1: "Do I want reporting or analysis?"

This is a very difficult question to answer because most organizations have a hard time being honest about their needs. Every company says they want analysis, yet few organizations (especially those with greater than 100 people) actually do. They want reporting.

The following are some reasons for choosing reporting only:

Decentralized decision making The organization is structured so that lots of different leaders make decisions, and their buy-in is required for any action. These leaders need *data that they can process*, not *analysis that tells them what action to take*.

Company cultures How does your company reach consensus? Do you need to always "cover your back"? Does it have layers of management? Is it matrixed? Paperwork-driven? Often the culture dictates checks and balances, with multiple oversights and the need for proof. This kind of culture requires a supply of information (data).

Availability of tools/features A number of tools are geared toward reporting and not analysis, which sets the pattern for what gets used.

History Older companies historically have worked by people publishing reports and data. "Think smart and move fast" is not the mantra.

Propensity of risk Does your company empower risk taking? Or is taking risks a career limiting move? Doing true analysis means letting go of some control and trusting people who know how to do their jobs. If your company's culture does not encourage that then you need reporting.

Distribution of knowledge in people/teams (tribal knowledge) If you really want to analyze data, you need to know the context to make sense of the numbers. If information and execution are isolated in your company, no amount of empowering the analyst will help. If your analysts are not plugged in, the best they can do is provide data to people who might be plugged in (ideally the company leaders).

Availability of raw analytical brainpower Bringing it back to the 10/90 rule, if you have invested appropriately in analysts, then it makes sense to choose a tool that allows your company to do true analysis.

Despite these extenuating circumstances, the analytics team is told to go out and buy the tool that is "God's gift to humanity."

If you are choosing a web analytics tool, you should take a hard look at your company, its decision-making structure, and its needs. Then be honest and decide whether reporting or analysis provides the most benefit. If your company really needs robust reporting, choose a tool that does that. If your company thrives on analysis, then choose accordingly.

Consider the following three stories.

The Wrong Affordable Tool

For my company, I chose a tool that was really affordable, and it could slice and dice data like no tomorrow to give the Senior Leaders true analysis. Now this was a large company, with about $2 billion in overall revenue and with several hundred million online. What the company really needed was distributed data to lots of people. That is,

reports. My chosen tool failed miserably because it stunk at reporting. Each person had to process the data, it took too long, and people were impatient and pressed for time, so the company remained gut-driven, and our web opportunity was squandered.

The Expensive Tool with the Wrong Staff

My friend at a much larger company, with a multibillion-dollar revenue, chose the most expensive web analytics tool. It was chic, it was black, it offered colorful bars and graphs, and it did real-time processing. It could answer any question, not just online but also offline questions, with phone integration and everything.

But after 15 months of implementation, this "God's gift to humanity" tool could process only 45 days of data at any given time. An even bigger problem was that only two people knew how to use the tool. For four years, senior management was ecstatic with all this data in a chic interface. But they had yet to make a single strategic decision (or even 10 tactical ones) from all that data. Meanwhile, the web analytics vendor collected approximately $2.5 million in fees each year.

My friend's company would have been better off with Google Analytics or Yahoo! Web Analytics. Both give powerful, free reporting tools that would have gotten people using data.

Over time, if the culture, organizational structure, and level of risk taking all lined up, the company would have gotten smarter.

The Switch to the Right Tool

The third story is about a start-up. They were nimble, agile, and deeply data-driven because their existence depended on it. Yet they had unwisely chosen a tool that did reporting well but did deep analysis poorly. I recommended that they change their tool and buy a "high-end" analysis-rich tool. It was a sacrifice to pay that much. But these guys could really take advantage of rich analysis. The decision to purchase a high-end tool changed their trajectory; they could do deep analysis, do it fast, and take advantage of customer behavior to make rapid changes to their software-as-a-service (SAAS) application. They are very rich now.

Admitting that you simply want reporting is sacrilege. But be honest about it, or you'll regress your company by years. Realizing you need analytical horsepower is also important, so go spend the money, and the ROI will be there.

Q2: "Do I have IT strength, business strength, or both?"

Some companies are good at information technology (IT), and others are good at business (marketing, analysis, and strategic decisions). A very rare few are good at both. You need to stress test the core strength of your company, especially in the context of web analytics, because it will play a key role in your success.

Pulling off a successful web analytics implementation is complicated, and it is easy to get it wrong. A company that provided web analytics consulting services recently shared with me that 7 out of 10 times when they start their client engagement they find that the tool implementation is wrong (which means the client has been using the wrong data thus far!).

If you have solid IT and business strength in your company, then you can go at it all by yourself, and you'll be fine. Someone in your company, in the worst case, will have the part-time job of assuring that technical issues happen as expected.

If you don't have solid IT strength (by that I mean IT folks who know and get web analytics), then you'll have to add an external partner. Many authorized consultants or one-person-army folks outside your company can do this for you. Make sure you plan for this.

One last reason to assess your IT strength is if you want to develop your web applications in-house and not with an application service provider (ASP). If you hope to host the data collection and analysis in-house (say with Urchin, Webtrends, or Unica's Affinium NetInsight), then you need some serious IT strength to pull it all off. Ensure that you are covering this critical area.

If you don't have solid business strength, honestly acknowledging that weakness already puts you ahead of your peers. You are going to budget for bringing external consultants or an organization to teach you and help you evolve your sophistication. Page 406 of my book *Web Analytics: An Hour a Day* has a four-step life-cycle model with recommendations about exactly the type of engagement you should have with an external consulting agency to dramatically enhance your level of business sophistication. You can also view the article online at `http://sn.im/wabizplan`.

Q3: "Am I solving just for Clickstream or for Web Analytics 2.0?"

The Clickstream vs. Web Analytics 2.0 question is a mind-set. It is a question that tries to judge what you are solving for to help you understand the level at which you are approaching the solution set. This question is all about knowing whether you need a tool to help you "understand clicks" (which is OK) or whether you need a tool to do a lot more. The question helps you crystallize your short-term and long-term goals.

The Web Analytics 2.0 mind-set and strategy call for robust qualitative and quantitative analysis in your web analytics approach with specific goals: to understand the customer experience explicitly and to then influence customer behavior on your site.

Your consideration criteria will be vastly different depending on where you are today, your point of view, and your approach. In one case, a simple log parser is fine, in another case you need a tool that integrates with other data sources, and in yet another case you need a tool that will play ball with your data warehouse.

For example, if you just want to quickly jump into web analytics, you may not care that the tool integrates with a survey system or that it can accept metadata from

your company ERP or CRM systems. In that case, you want a tool to help you understand clicks.

On the other hand, if you plan to start testing from day one, then you need to know that you can easily integrate your Clickstream data with your A/B or multivariate testing (MVT) vendor. In that case, you want a tool that can do a lot more for you.

Remember, it is a terrible strategy to buy the biggest, baddest tool, because in the distant future you'll want to integrate your analytics data with your refrigerator. No one can predict how the world will be in three years, so buy a tool today that will serve your needs along that two- to three-year horizon. On the Web, everything changes too fast, which makes any other strategy imprudent.

Step 2: Ten Questions to Ask Vendors Before You Marry Them

The most common process for selecting an analytics vendor involves going around your company and asking everyone remotely related to the website to list the data they would like, compiling their answers into one giant list, and tossing it to the vendor as an RFP. The vendors reply with "yes" to everything, and you pick the vendor you really like, the one with the best schwag, or the cute one.

If you are selecting a fee-based web analytics tool for your company, the following sections give you 10 questions to ask. These questions are short, but they will separate the wheat from the chaff pretty quickly.

Q1: "What is the difference between your tool/solution and free tools from Yahoo! and Google?"

You might as well acknowledge the purple elephant in the room. If good, free analytics tools are available, why should you pay for a good analytics tool? Why not focus on following the 10/90 rule for web analytics success?

When you ask this question, ask the vendor to share their top five—and only five—reports that are different and unique to their product.

The answer you are looking for is not that Google and Yahoo! are big and bad and your privacy is under threat. That's a cop-out. You also don't want to hear that you won't get support for a free tool or that free tools will die and wither away. All of those answers are false: your privacy is not threatened, support is available with free tools (often from the same company that supports your paid tool!), and free tools are not going away.

You want your fee-based vendor to provide specific and tangible examples of reports and metrics that the free vendors don't provide. Any analytics vendor worth their fee will have a crisp answer that focuses on their best features, reports, metrics, integration points, and so on, and not scare tactics.

No global rule says that Omniture or Google Analytics or Webtrends works for everyone. Each company needs a unique solution. You should carefully consider the fit

of those tools for your company. Your decision should be based on facts, not vendor FUD (fear, uncertainty, and doubt).

This question applies for survey tools (compare commercial tools with free solutions like 4Q), for A/B or multivariate testing solutions (compare these solutions to the free Google Website Optimizer), and for competitive intelligence tools (compare these tools to Compete, Ad Planner, Insights for Search, and so on).

It goes without saying you'll do a cost-benefit analysis; that is, if you can get 95 percent from a free/inexpensive solution, is the last 5 percent worth *x* hundred thousand dollars a year? If the answer is yes, go for it!

Q2: "Are you 100 percent ASP, or do you offer a software version? Are you planning a software version?"

One challenge vendors face is the client who wants a software-based, in-house solution rather than an ASP. Currently most analytics vendors, whether free or fee-based, provide an ASP-based tool with no software-based offerings. Some vendors, such as Webtrends, Unica, and Google (with Urchin), offer solutions you can buy and implement in-house.

With this question, you are probing how the vendor is preparing for the future with differentiated offerings. You are also looking for the intangible—how they react to this question—as much as the content of their answer.

You can also ask the vendor about first-party and third-party cookies, including which type they use as a default as well as the pain and cost of using first-party cookies. You should almost always use first-party cookies, and most vendors enable this.

You are looking for a reaction when you ask about first-party cookies. Did the vendor proactively advise you to have first-party cookies? Did they insist on it? The response shows the mind-set of the vendor.

Q3: "What data capture mechanisms do you use?"

You can capture data from your website in a number of ways. JavaScript tags are currently the most common method. You can also use web logs, packet sniffers, or web beacons.

Note: For more details and the pros and cons of using each method, please refer to Chapter 2 in *Web Analytics: An Hour A Day*.

The answer you are looking for from the vendor is…wait for it…Multiplicity! Although they can accommodate the current standard, which is JavaScript tags, they can also deal with different data capture formats. You want a vendor that can evolve beyond just tags (or logs or sniffers) as the Web evolves and becomes harder to track.

That is, you want a vendor that will evolve to work with rich media, Flash, Flex, RSS, mobile platforms, mash-ups, and so forth.

You are not looking for a vendor to brainwash you that JavaScript tags or other common mechanisms are the answer to all your prayers. If they try that tactic, give them a dirty look, and move on to the next vendor.

I also urge you to take special caution as you review answers to this question when you are choosing competitive intelligence tools. There are so many different ways of collecting data (panels, ISP data, company server logs, search log files, monitoring software, control groups, and more), and each brings a bias to the game. It is important you understand what you are buying. I'll cover competitive intelligence in delicious detail in Chapter 8.

Q4: "Can you calculate the total cost of ownership for your tool?"

Really, really pay attention here. You are in "I am going to get promoted for this" or "I might get fired and blacklisted for this" territory.

Most vendors will quote you a price (or publish it in an ad) that will be something like this: "Solve world hunger with our analytics tool for just $5,000 a month!"

You need to look beyond the first number (the cost) you get from the vendor and compute the total cost of ownership (TCO). The TCO can be massively different depending on a host of factors, including you as a company, the tools you have in place, your vendor, and their pricing strategies.

You need to consider the following elements of TCO:

- Cost per page view (most ASP-based vendors charge per page view).
- Incremental costs beyond the initial lump sum. You incur such costs if you go over your allotted page views, if there are any "advanced" features (say, RIA tracking or RSS as extra modules that would cost more), and if you need to buy other features later (for example, pay-per-click integration with Google/Yahoo! Search Marketing or a keyword bidding feature, a data warehouse, or segmentation available only in a different tool).
- Cost of professional services (initial install and then post-launch troubleshooting or customizations).
- Annual support costs after the first year.
- Additional hardware you need at your end (PCs, laptops, web servers, data storage drives, and so on). This cost can vary by vendor—be careful because investing $250,000 in a vendor solution could require investing $1 million in hardware!
- Cost of "administration"—that is, the staff to manage the vendor relationship. This cost could be a partial head count, representing someone to create all the reports and publish them and someone to coordinate between vendor, IT, and

marketers. All these roles could be filled with one person, but it's better to know now.

- Cost of analysts needed to draw insights. You could lump this element with the previous one, but it is important to be aware of the 10/90 rule and realize that you can't just buy the tool; you also have to hire a relatively intelligent brain to interpret the data.
- Additional head count (partial or full) to maintain the tags, liaise with your IT, update pages on the site, and so on. If relevant, this also includes the head count required to coordinate with marketing and sales and internal BI teams to ensure the data is tagged, collected, and passed on accurately.

Total up these factors across vendors, and make an informed choice. It is not hard to imagine that the TCO could easily be multiple times the cost quoted by the vendor.

It is critical to realize that you have to compute TCO even if you use a free tool like Google Analytics or Yahoo! Web Analytics. Only the cost of the tool is free (the first two items in the previous list). You'll still have to bear the rest of the costs (professional services, analysts, and other folks).

I encourage you to poke and dig for data to get a clear understanding of what the TCO is for each vendor. And I'll say this throughout the book: remember the 10/90 rule. A great tool in the hands of your reporting squirrel is useless. A free/inexpensive/underpowered tool in the hands of your analysis ninja will yield massive results that impact your bottom line.

Q5: "What kind of support do you offer? What do you include for free, and what costs more? Is it free 24/7?"

During vendor pitches you'll hear that everything is free. And some web analytics vendors do indeed offer a bunch of absolutely free support as long as you stay with them. But often some limits and caveats are not explicit; you'll have to ferret those out. You want to learn how far the vendor will go to answer "silly" questions from your business users.

Signing a contract and implementing a solution signifies the start of your tool problems, not the end of your data problems. It is critical that you understand exactly what services are included and exactly how much it costs to get the services you need. For example, if a vendor provides free support only during business hours, what is the cost for 24/7 support? Or if they will answer questions only about the tool, what will it cost to determine why the tool is not working at your site? These situations are just suggestions to get your juices flowing; you'll have to work out your own unique questions.

You will need support and professional services, so you need to fully understand what the vendor will provide or what the vendor's *authorized consultants* will provide.

Q6: "What features in your tool allow me to segment the data?"

This is another principle I'll repeat frequently in the book: segmentation is the key to finding insights. You segment, or you die. So, you can imagine why this one feature is so key. You need to understand how much segmentation power is in the tool and how simple it is to use.

Put these questions to your vendor: "do I have to precode everything in custom JavaScript tags on each page of my site to segment the data post-capture? Or can I capture data with a standard tag and do segmentation later?" I call the latter *postfacto segmentation*.

Most vendors are in the former camp—custom JavaScript tags on pages to enable any segmentation. That makes segmentation much harder. How can you think of all the questions you'll ask of the data up front before you install the tool?

Often you have to try the process yourself and see whether you can segment data in the tool. Ask for a three-month free trial and stress test the tool.

Again, understand whether the vendor offers the feature you need, and make an informed choice.

Q7: "What options do I have for exporting data from your system into our company's system?"

That seventh question really needs to be broken down into four subquestions:

- "Can I get all the raw data?"
- "Can I export processed data?"
- "How easily can I export 100,000 rows of processed (not raw) data out of your tool into my other company systems?"
- "What happens if I terminate my contract with you?"

OK, I admit that's a lot of questions, but they all form one really important question: *who owns the data*? If the vendor stores it and you want to export it, do you get the raw logs (huge data files with no intelligence in terms of computed metrics, which you must decipher), or do you get processed data (computed data that is much easier to integrate)?

Typically most vendors will say you can export everything. Ask them the specific questions listed, and understand exactly what you can export (remember that an Excel dump is not the answer, which is why I mentioned the 100,000 rows earlier). Then you can determine whether their answer is sufficient for your company.

Let me stress that I am not recommending that you insist on getting all your data or getting it in a particular way. I am recommending that you ask the hard questions so you won't be disappointed later about the data you get.

Ideally, the vendor has an application programming interface (API) that allows you to pull out the data you need. Super ideally, you can pull out that data without

incurring heavy additional fees (many vendors will charge you heavy fees after you download just a minor amount of data).

Q8: "What features do you provide for me to integrate data from other sources into your tool?"

By now you know that as you execute the Web Analytics 2.0 strategy you'll have to integrate different sources of data to get a complete picture. (But you are wicked smart, so you won't integrate data willy-nilly; rather, you'll do it judiciously!)

Your Clickstream data, no matter what vendor you use, will feel limiting after a while. You will eventually want deeper insights, and you'll want to integrate it with other sources of data. Exporting data is not a pain-free process, and you'll have to bring data into your tools. You need to determine how easily your potential vendor can work with importing outside data.

You might want to bring some of the following types of data into your tool: metadata from other sources in your company, CRM data, data from your ad/search agency, data from surveys that contain the primary key (such as cookie values), and results from A/B or multivariate testing. You must be able to import data efficiently (without needing humans, if possible) and then use it for segmentation or reporting.

A good example of integration is Google AdWords and Google Analytics: you don't have to tag your paid search campaigns, and your campaigns show up in Google Analytics nice and pretty for your analysis.

A suboptimal example of integration is Google Website Optimizer and Google Analytics. You can measure the success of your experiments in Website Optimizer using one goal/outcome. But it would be more useful if the tools were integrated and you could measure more Outcomes.

Figure out the line in the sand with your potential vendor for the kinds of data you want to integrate.

Q9: "Can you name two new features/tools/acquisitions your company is cooking up to stay ahead of your competition for the next three years?"

This is a forward-looking question. You want to know whether your vendors are worried about tomorrow (a good thing) and what they are doing *today* to deal with future challenges.

Their answers will give you a sense of how much they know about their own position and that of their competitors. Hence, you are not asking what two things they are doing that are good; the question is framed in the context of competition. Some vendors are much better at taking a good reality check about themselves, and others are just parsing log files like there is no tomorrow.

You want to be impressed by at least one of the two answers you hear. Ideally, you want an answer that is a complete surprise. You also want to get the feeling that your vendor has a good sense of themselves and their competitors.

Ask this same question across a few vendors, and they will talk about each other: the differing perspectives are a source of valuable insights for you. It is always so much fun when they *kvetch* about each other! Evil? Yes. Useful for unearthing some truth? Yes!

Q10: "Why did the last two clients you lost cancel their contracts? Who are they using now? May we call one of these former clients?"

A vendor taught me this question, and it is truly fantastic. You want to be confident that you are making the right choice, and there is no better way than to learn why each vendor recently lost someone's business.

You will probably hear sales-speak rather than a practical answer. But even the sales-speak can be of value. In my experience of a whole bunch of vendors, only two have ever answered this question directly. We are doing business with both today, even though in both cases they were not the most awesome vendor technologically.

Remember, with any vendor, you are actually buying a relationship, not just the tool. In the long run, the value of good people will far outpace the value of the most advanced tool, and if you don't have a relationship with the people, you can't work well with the tool.

There you go: 10 simple questions and none of them asking for much technical detail. Yet each question will help you uncover the truth about a vendor and help you find your BFF.

Redefining Conventional Wisdom on "Enterprise-Class" Web Analytics

"*Enterprise class* has become a catchphrase that is so amorphous that it no longer supports precise communication. Mostly it's used by marketing flaks to create sound and fury, signifying nothing." —Charles Thasher

My friend Charles at Microsoft captures the essence of the term *enterprise class* and its use in ruling out tools, vendors, and options.

Analysts, gurus, and consultants, each with their own motivations, use the term *enterprise class* to push certain massive, usually expensive, solutions.

This mental model arose from the old world. In a Web Analytics 2.0 computing world, where anyone can create massively scalable and successful software, that mental model is not just quaint; it can be corrosive.

So, the first important lesson is to avoid ruling any solution out because it does not possess an arbitrary, ephemeral label called *enterprise class*.

Continues

Redefining Conventional Wisdom on "Enterprise-Class" Web Analytics *(Continued)*

The second lesson is to internalize that the definition of *enterprise class* has morphed significantly.

Here's my definition of an enterprise-class vendor:

- The vendor has been around for more than 18 months. The longer the duration, the better.
- The vendor can scale its ASP infrastructure (or in-house software solution) to (a) capture the number of page views required by the client and (b) process that data and provide it on a timely basis (say every two to three hours—after that you hit diminishing returns on your ability to take action).
- The vendor has a support infrastructure to assist the client in need at a reasonable price. If you are willing to pay for support, you should pay a reasonable price and expect solid support from the vendor or its partners.

That's it. Nothing else matters. You need to know the vendor has been around and that the vendor will be there for the long term. No other golden rules.

There is no default rule that says you ("enterprise" or "little guy") need Omniture, Webtrends, or Yahoo! Web Analytics or that says Lyris HQ (formerly ClickTracks), Omniture, Affinium NetInsight, or Google Analytics is not right for you.

Each company is unique. You are unique and special and weird. Don't rule out a solution based on what others think or say.

Comparing Web Analytics Vendors: Diversify and Conquer

I am sure you have heard this kind of statement: "I was so frustrated with Omniture. Our company dumped it, and we got Webtrends." Or maybe it was Webtrends with Coremetrics.

Moving between similar tools is like jumping off the Titanic to another sinking ship called the Pitanic: there isn't much difference, and the outcome will be the same (though that might become apparent to you just before the Pitanic goes down).

Through painful experience I have realized that when we go through the process of comparing web analytics vendors, it is critical that we find true distinctions.

The Three-Bucket Strategy

From my experiences, I have formulated a simple "three-bucket" strategy for comparing web analytics tools. Before you compare tools, be sure to choose one from each of these three buckets, each of which contains a truly differentiated set of tools:

Bucket 1: Omniture, Coremetrics, Webtrends

Bucket 2: Unica's Affinium NetInsights, XiTi, Nedstat, ClickTracks

Bucket 3: Google Analytics, Yahoo! Web Analytics

Rather than choosing from tools that will give you kinda, sorta the same features or functionality, the bucketing recommended here helps you make an optimal decision from a diverse set of choices.

Let me hasten to add that any tool in any bucket gives you 85 percent of the features you'll need. The reason each tool ended up in its bucket is because that bucket offers something compelling and uniquely differentiated from the tools in the other buckets.

Here are quick sound bites about the unique properties of the tools in each bucket:

Bucket 1 sound bites Omniture will do anything you want it to do with an ever-expanding set of features and add-on tools. Webtrends is morphing from just doing web analytics to performing paid search optimization. Coremetrics has a few unique features for retailers.

These tools often come to mind when people first think of web analytics. Each does something a bit better than the other, but there is also a large overlap.

Bucket 2 sound bites If you want to do real postfacto analysis, then ClickTracks will shine. Under its new parent (Lyris), ClickTracks is a part of an integrated suite of web tools. Unica's Affinium NetInsight integrates efficiently with your online and offline campaigns, especially if you use Unica to manage your offline campaigns. XiTi and Nedstat are two excellent European-based companies that meet local and global needs.

Each of these tools provides a truly compelling alternative to buckets 1 and 3.

Bucket 3 sound bites Google Analytics and Yahoo! Web Analytics are free, robust analytics solutions with custom reporting and advanced segmentation built in, not to mention tight integration with their parent's core search and display business.

Both of these tools will prove that you have to pay for analytics only if your needs are complex enough to require a special tool.

By using the three-bucket strategy for comparing web analytics tools, you are choosing to compare truly diverse and differentiated tools. Hence my recommendation is that, for your vendor evaluation, choose at least one tool from each bucket. You'll end up making an intelligent and informed choice for your company.

The CD-ROM that accompanies this book includes a video titled *Web Analytics Vendors & Challenges*. If you are a multimedia type, please check out that video; it outlines the previous framework and goes deeper into each vendor's strengths and your challenges.

Step 3: Identifying Your Web Analytics Soul Mate (How to Run an Effective Tool Pilot)

You've done the introspection and asked yourself the three all-important questions. You have interrogated the analytics vendors with 10 questions. You have applied the three-bucket test to ensure you have diversity in your selection process.

Now comes the exciting part! You'll take the selection-process finalists and run a real, live pilot on your site, and then in a dramatic ceremony worthy of the TV show *The Bachelor*, you'll present a rose (actually, your money) to your chosen partner.

It is important to realize at the outset that the average time from implementing a vendor to recognizing your mistake to choosing to switch to and implement a new vendor is approximately two years. You are making a critical choice for your company, and you could lose a lot of time if you make the wrong decision.

A live pilot ensures you are making the right decision, not just one based on vendors duking it out in a PowerPoint pitch battle.

Vendor pilots are usually staged for success. Yes, staged. It is not that anyone has any Machiavellian schemes. Every salesperson wants to make a deal, they are most likely compensated on a quota, and each vendor wants to look good. It does not matter if you are selling the most expensive tool or a free one (yes, even free tools have to go through a pilot!).

The following evaluation list was originally created by a reader of my blog, Steve Medcraft. To give you some context, he created this awesome list as evaluation criteria for an extremely large content publisher.

These are the key areas you want to evaluate during the pilot:

Usability Determine the accessibility/intuitiveness of the tool. Establish whether your target audiences (for example, business, data analyst, and IT) can actually use and customize the tool set and reporting or whether you must get dedicated resources to create the necessary reporting and dashboards on their behalf. Get a feel for the extent of training needed.

Functionality Test the functionality in realistic business situations: does it really do what it said on the tin? Can you use out-of-the-box reports/features and page tagging, or do you need to customize and extend data collection to meet your needs? (You may need to run a handful of scenarios with vendors.) Ascertain what is of actual value to the business.

Technical Understand the effort to implement, configure, and customize—get a feel for the actual implementation plan. Determine any unexpected overhead on your environment. Test potential interoperability with your other systems/data sources. Attempt to identify any limitations with each solution. Understand where tags can be expanded, customized, or integrated.

Response Determine the level of response for both the ASP and software solutions (performance, ability to handle the volumes, availability of reports/data, benchmarking exercise) and the vendors themselves (first-line support, ability to step up to your specific needs, documentation, and customization).

Total cost of ownership Identify any additional costs that will be incurred for your business that are not obvious in the vendor's proposal (additional administration, licenses, and so on).

To complement Steve's recommendations, here are my lessons from a tough life in the frontlines; these are evaluation criteria that are not usually obvious when selecting the right tool:

Get enough time Tell your vendor that the six weeks (or other specified time) for the pilot starts *after* you confirm that the solution (JavaScript tag) is implemented on the site, not from the time the vendor sends you the code. You would need at least six weeks of the tool fully running to get a sense of whether it is right for you.

Be fair As much as possible, try to perform the same tasks in each vendor's tool. This seems obvious, but every tool is strong in its own unique way; hence, it is easy to end up doing different tasks in each. That would not be fair to any vendor.

Ask about data sampling You won't really get a feel for a tool's ability to deal with massive amounts of data, because you'll have only six weeks worth of data. But still ask each vendor what kind of data sampling it does to make queries go faster (there is a good kind and a bad kind of sampling—we dive deep into sampling in Chapter 4). Check whether all the vendors in the pilot sample data in the same way (if they say no sampling is required, don't believe it; you will need data sampling sooner rather than later).

Segment like crazy Segmenting is not as easy as one might imagine in any tool. You can segment by customer behavior (*x* pages, *y* amount of time, visited these pages but not those, and so on) and by source (referring URLs, direct marketing campaigns, affiliates, and so on). Segmentation will show you the true colors of any tool. Remember to ask what you must do up front to segment the data later (and what happens if you forget to do the up-front work).

Ask about search analytics Ask each vendor how it identifies organic traffic from search engines (this is a trick question). Ask each vendor what process would be required to track your pay-per-click/search engine marketing campaigns (this in and of itself can be a huge pain, with all the work required, so go with the least painful option). Also ask what is required to import your keyword bidding and search spend data.

Test site content grouping Test how easily you can group the content of your site in each tool and what happens when your predefined content groups change. Content groups for the *New York Times* could be Editorials, Features, International News, Sports, and so on. How much work will that take? Can you go back and redo history (say, if you forget or want to create different content grouping in your historical data to see how things might have been)?

Bring on the interns (or the VPs!) Make sure you have at least a few complete newbies in the user pool and a few smarty-pants analytics experts; you want to ensure different personas are hitting the tool. The newbies (interns or VPs) can expose whether you have a tool that will power data democracy or not.

Test support quality When you first run into a problem or can't solve anything, resist the temptation to call your account rep. Try to find help in the tool, on the vendor's

website, via email tech support, or on user forums. During a pilot or trial, you will get far superior levels of support. After you make the purchase, though, support from some vendors goes down quite a bit. You might as well test the support reality, because you'll use help in the tool, forums, email tech support, or the 800 number.

Reconcile the numbers (they won't add up, but it's fun!) Compare the numbers across different tools with which you are doing the pilot, and then then ask the vendors to explain the discrepancy. They won't add up at all, and it drives people nuts (myself included). But the vendor's reactions and how it explains the deltas will tell you a lot. Make sure you give the vendors specific data for specific time frames (they will greatly appreciate this), and then ask for an explanation. In the end, remember that data quality on the Web is not perfect, and that is 100 percent OK.

Check the daily/normal stuff Check how easy it is to create customized dashboards and customized versions of the same reports for different business units or to add computed metrics. I don't think this will be an issue with most tools you select, but nonetheless the process of doing each of these tasks will be of value during the pilot.

Sweat the TCO I have discussed ad nausem why the total cost of ownership is important. Do it. Enough said.

In closing, here is one macro thought. You don't have to do *everything* on both of the previous lists. Pick the most relevant factors to your company, and give each a weighting so that you can go through your most important criteria during the pilot.

And remember to have fun; it is a blast to do pilots.

Step 4: Negotiating the Prenuptials: Check SLAs for Your Web Analytics Vendor Contract

Oh, so close!

You have one more step left: signing a contract.

Before you sign, you'll need to check the service-level agreements (SLAs), especially if you plan to sign a contract with a fee-based analytics vendor.

You may not be aware that the SLAs you require from your vendor will inflate the yearly contract by substantial amounts (and to some extent that is not the vendor's "fault"; they price certain standard components/SLAs into their base pricing, and anything you want beyond the standard obviously costs them more to provide). For that reason, it is critical that you thoroughly consider your needs and then ask for what you need—and price it out—during contract negotiations.

The following is another important list from Steve Medcraft that will help you check the SLA:

- Availability and response of software/functionality
    - Standard availability/guaranteed uptime

    - Speed of service—e.g., screens to be returned in *x* seconds (probably tricky to enforce because it depends on bandwidth)
    - Response of service in relation to unexpected increase to load/traffic volume, load distribution, and so on
    - Permitted downtime (e.g., emergencies)
    - Compensation for downtime—service credits, reduced contract period, and so on, for *x* minutes of downtime per month (outside of planned or emergency maintenance)
- Availability of reports/data
    - Collected data to be reflected in reports within *x* hours
    - Availability of results after initiating query
- Technical/best practice support
    - Vendor resources available/dedicated to you (number of account managers, technical, consultants assigned to project)
    - Response to customization/change requests (quotation, delivery of service, and so on)
    - Response to traffic volume increase
    - Issue escalation procedures (online, phone, email, priority levels, status reporting, and response times)
    - Supporting material (availability of online help, accuracy of documentation, live support)
- Security
    - Physical hosted environment, protection of data/servers
    - User access to the system, data
    - Backup, archiving, and recovery
    - Monitoring in place and availability of that data
- Communication
    - Agreed points of contact (on either side)
    - Timing of notifications (planned maintenance/outage, status reports, and so on)

As earlier, I've also included my lessons from a tough life in the frontlines; the following are additional issues to be aware of regarding the SLA:

- It is likely that you don't care about all the items in the previous list, so pick what you need.
- For each item you pick, identify your thresholds or limits (in terms of downtime, amount of best-practice sharing hours, how quickly you want data, amount of email support you need, and so on).

- Identify a range for the threshold and not an absolute number; give yourself some wiggle room. Share this with your contract negotiators.
- Be explicit with the vendors (it is the least you can do for them), and ask them to be explicit with you.
- Get stuff written down; it will make a nice addendum to the standard contract the web metrics vendor will send to you.
- When deciding which tool to pick, remember to judge based on features you want, size of the contract (total size of the contract), and the amount of value you can provide your company from each (lots of people do this last one wrong). Sometimes you might not pick the most feature-rich vendor because you can't imagine that it can provide $1.2 million dollars of value back to your company (with that being the total size of the contract, in other words, tool + support + SLAs). You might go with the one that is $.05 million dollars even if it does not have that one niche feature you need.

It is likely you'll go through the previous extensive list only if you are negotiating a very expensive or "enterprise" contract. But even as a small or medium-sized business, you can use the previous information to understand the deep nuances that go into buying an analytics tool and be prepared. After all, your company is going to be huge one of these days!