



2008 Australian Web Analytics Survey

Assessing the uptake of web analytics in Australia, and providing expert commentary on how Australian businesses can use web analytics to succeed online

January 2009

Australian Web Analytics Survey 2008

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For information, contact:

Bialto
+61 2 8356 3000
info@bialto.com
13, 50 Stanley Street,
East Sydney NSW 2026
Australia

To acquire additional individual copies of this report, please visit <http://www.bialto.com>

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“Web analytics is the practice of measuring, collecting, analysing and reporting on Internet data for the purposes of understanding how a site is used by its audience and how to optimise its usage.”

Web Analytics Association

Executive Summary

This report contains the results of the 2008 Australian Web Analytics Survey, which was conducted by Bialto to assess the degree to which web analytics is used by Australian businesses.

The survey results help us to understand the state of play in the web analytics industry, as well as to see where perceived challenges and issues prohibit or inhibit organisations' adoption of web analytics.

It also helps us to learn from the people and organisations that are setting the direction for web analytics, and implementing best practice techniques for the measurement and reporting of their websites.

Maturation of the industry continues

From the level of sophistication in the answers by some respondents to the survey, it is clear that web analytics is a maturing discipline in Australia, particularly as more organisations recognise the strategic importance of the online channel.

The quest to advance web analytics capabilities within the organisation is presently focused on conversion analytics; and more organisations are now conducting online campaign analysis. We are also starting to see much more advanced initiatives such as setting up customer/brand engagement metrics, measuring the lifetime value of online customers, and implementation of analytics-driven targeted marketing initiatives.

These are all exciting – and timely – developments in a year when web customers' expectations are sky-high and they exhibit a more shrewd approach to using websites. Like never before, business must scramble to keep up with the pace of change occurring on social networking sites, or risk losing the interest of their customers.

In terms of web analytics' growth in Australia in 2008, the survey shows that:

- Businesses are investing more heavily in web analytics tools, with the number of organisations investing more than \$10,000 only in tools increasing from 36% in 2007 to 44% in 2008
- 62.5% of organisations use Google Analytics, up from 52.9% in 2007
- More organisations trust the data they get from web analytics tools
- More organisations are taking action based on web analytics reports and hence its perception as a strategic function has grown.
- Marketing departments are getting more involved with web analytics and in growing proportions taking full responsibility for it.
- Web analytics has been identified as the most important web initiative for 2009 ahead of Search Engine Optimisation.

These findings concur with Bialto's experience working with organisations across industry sectors and at various levels of analytical sophistication. We believe as companies improve their capabilities to drive actionable insights from web data and realise the benefits of web analytics at first hand, positive perceptions are only set to grow.

Segmenting the respondents for richer insights

To enable deeper analysis of the survey results, we have segmented the results to see how specific groups (by industry, level of sophistication, etc.) compare to the overall results. Of particular interest is the extent to which they use web analytics tools for business gain.

The three types of segmentation we conducted are:

- Advanced web analytics users (see page 8)
- Government (see page 15)
- Google Analytics users (see page 21)

Looking to the future

Site optimisation is the primary focus for 2009, which is critical for two reasons. First, a website is never static, and new features should be regularly introduced to grab the customers' attention. Second, any business that executes online campaigns requires ongoing optimisation – with the pace of change online, what worked last month won't work today.

Reporting and KPIs remain an ongoing challenge, and it's clear that many organisations, particularly in the government sector, still struggle in this area. We need to see more thought-leadership around how KPIs and reporting can be used to assess the current level of performance, set direction and prompt actions.

In other areas, 2009 will be a strong year for web analytics as organisations explore more advanced tools and start putting more sophisticated techniques in place, such as user profiling and dynamic content.

1. Who responded to the survey?

The survey received a total of 208 responses. 190 respondents (93%) reported that they use a web analytics tool to track their website, compared to 89% in 2007.

The main industry groups represented in the 2008 survey were: Government and Defence (21.9%), Financial and Insurance Services (9.8%), Professional and Technical Services (9.3%), and Agency/Consultancy (8.7%).

'Providing information or education' is the primary purpose of respondents' websites (78.1%, up considerably from 2007's 53%). The other main purposes are: 'generating leads for their business' (46.4%), 'selling products or services online' (38.8%), and 'providing a self-service channel for transactions' (31.7%).

In terms of respondents' roles in relation to their organisation's website, the majority are responsible for measurement and reporting (51.6%), with other duties including content management (33.3%), IT and web development (33.3%), user experience/information architecture (32.8%), and marketing (32.3%).

It must be acknowledged that the 2008 survey was sent by one vendor, WebTrends, to its entire customer base. Whether or not all WebTrends customers responded, this action must be taken into consideration when interpreting the results, particularly in Section 7.

Figure 1a – Industry of respondents (% response shown)

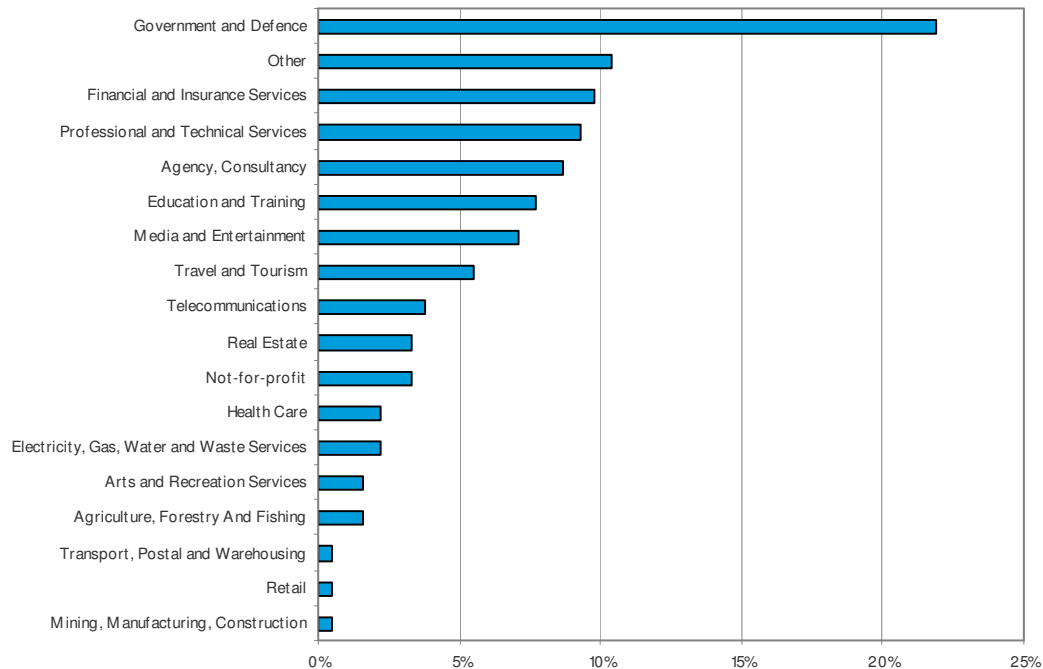


Figure 1b – Purpose of website (% response shown – multiple responses possible)

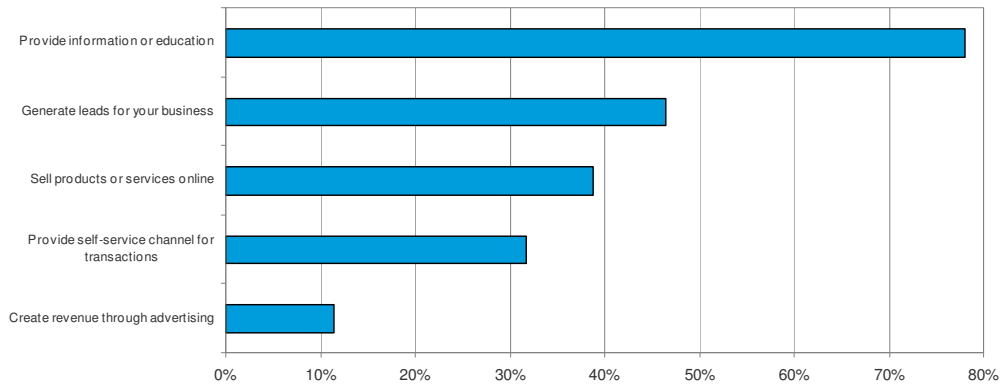
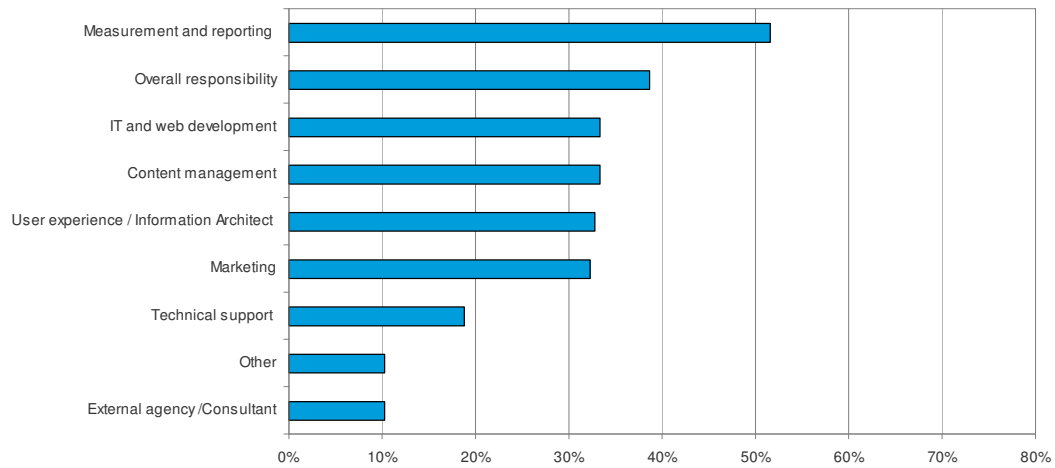


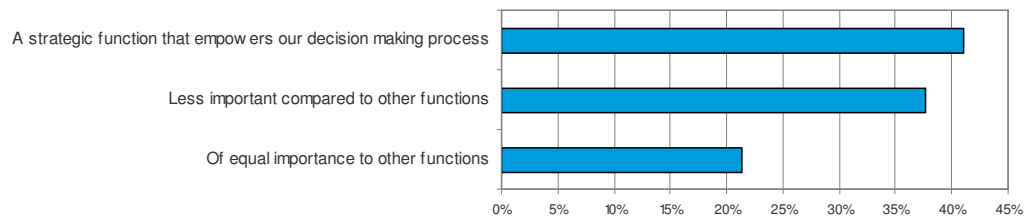
Figure 1c – Respondent's job role in relation to organisation's website (% response shown – multiple responses possible)



2. How valuable is web analytics to the business?

Across the board, the role of web analytics continues to gain strength within organisations, with 40% of respondents stating that it is a strategic function that empowers decision-making.

Figure 2a – How is web analytics perceived within respondents' organisation (% response shown – multiple responses possible)



What we think

Bienalto insists that its clients build a strong correlation between the online channel and analytics, so that measurable gains can be achieved. Experienced managers cannot afford to ignore analytics if the organisation's success depends on the online channel.

We are seeing large Australian businesses continue to build capability and invest in web analytics. Sectors such as financial services are recording significant interest in and commitment to large projects that will take some time to bear fruit. Until such projects take off, the trajectory for web analytics will climb steadily.

Advanced web analytics users

What does the web analytics-savvy organisation look like?

We have filtered the 2008 Australian Web Analytics Survey results to show only those who have strong knowledge of web analytics and regularly take action based on web analytics insights. This gives us a clear picture of an organisation that has advanced capabilities in this domain.

What emerges is a function that sits squarely in the Marketing camp, with analysis tying in with other marketing research to empower the business to make more strategic decisions around the customer experience.

Size, responsibility and purpose

Once the filter is applied, 21% of respondents fall into the 'advanced' category (high knowledge, regularly take action based on insights). We have excluded agencies and web consulting firms from this filter.

Of the 'advanced' group, 59.1% of respondents have overall responsibility for the organisation's website (compared to 30.8% of non-advanced users). In terms of where the web analytics function sits within the organisational structure, 100% of respondents state that it falls under Marketing (along with all other web functions). For the non-advanced group, the web and technical team are primarily responsible for web analytics.

The group is representative of a number of sectors: professional services firms, education and training, media and entertainment, travel and tourism. Other sectors were represented to a lesser degree: utility companies, financial services, government, retail and not for profit.

For the advanced web analytics organisation, the website plays a key role in the growth of the business. These websites provide more than information – with priorities including generating leads, selling products and services, providing customer self-service and generating advertising revenue.

Usage of Web Analytics

The majority (63.6%) of 'advanced' respondents perceive web analytics as a strategic function that empowers the decision making process (as opposed to 25.6% in the 'non-advanced' group).

It's not just the respondent (the person responsible for web analytics) that has strong knowledge of web analytics in these organisations. The organisation's *collective* knowledge of web analytics is significantly higher as well (3 vs. 2.28 overall rating out of 4).

These organisations regularly perform more sophisticated analysis: campaign analysis, conversion analysis, landing page optimisation and often A/B and multivariate testing. Many also offer dynamic content and CRM integration.

Figure 1: What is the purpose of your website (tick all that apply) – advanced users filter applied

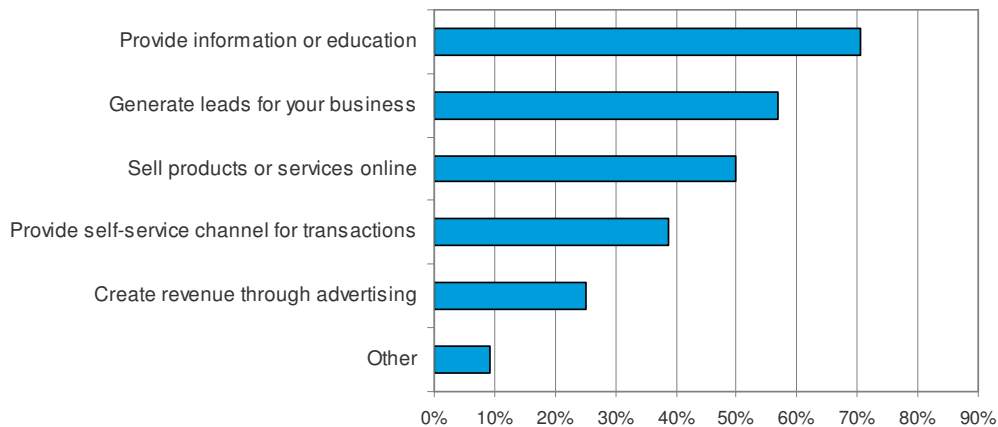
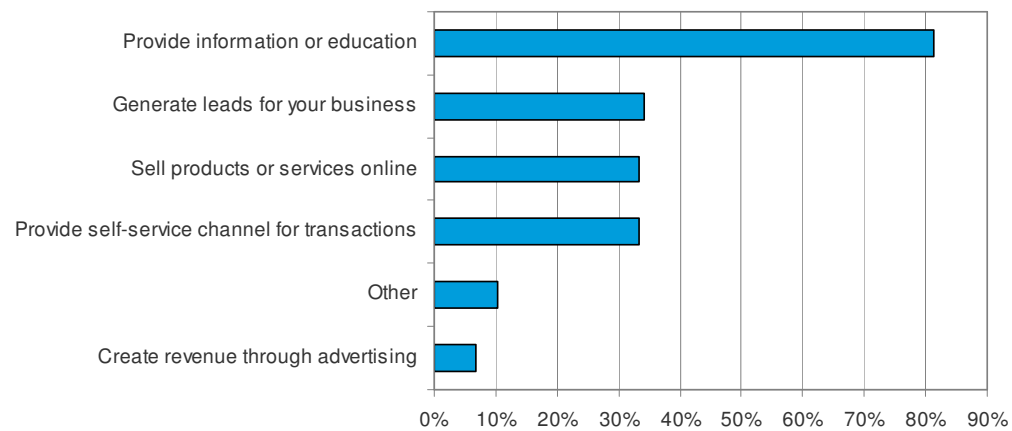


Figure 2: What is the purpose of your website (tick all that apply) – non-advanced user response



Total investment is significantly higher in the order of staff, tools, external consultants and training. This compares to the overall response where most funds are directed towards tools, and staff got paid less.

More advanced organisations tend to have dedicated web analysts (34.1% vs. 23.6%). However, tools used across both advanced and non-advanced users were comparable. Significantly, 95.5% share the reports within the organisation (compared with 80.2% of non-advanced users) and *all* of their organisations take report-based action all or most of the time, as opposed to merely 2.8% of non-advanced users' organisations.

Conclusion

Of the 'advanced' organisations, 90.9% believe that they get good or great value from web analytics. Advanced users trust the online data they collect, because they invest time and effort into implementation and review to ensure it is accurate and specific.

Making their job easier, these users have full support of management, have clear KPIs and enjoy access to training and external consultants when needed.

With this support, the investment in web analytics pays off. The organisation that values web analytics reaps the rewards in terms of ROI, improved customer experience and clearer metrics about website performance.

3. Who is responsible for web analytics?

We have seen a significant shift as Marketing takes on more responsibility for web analytics and reporting; although the Web team remains the group most likely to hold responsibility in this area.

The growth in the Marketing team’s degree of responsibility – and the countervailing drop in the Web team’s responsibilities – is in stark contrast to last year’s survey, which saw responsibilities being passed from the Marketing to the Web team.

In 2008, Marketing’s role grew in the areas of: web analytics and reporting (up from 22% to 37.6% year on year); and performance and success of website (from 18.7% to 33.7%).

In the areas of paid search and online advertising, the responsibilities mostly rest with the Marketing team (43.3% and 50.6% respectively).

An increasing number of organisations have a dedicated web analytics team. As in 2007, a large proportion (53.8%) of respondents has a single or multiple part-time employees in their web analytics team.

The overall proportion of organisations with full-time employee(s) remains at a similar level.

Figure 3a – Who is responsible for various activities?

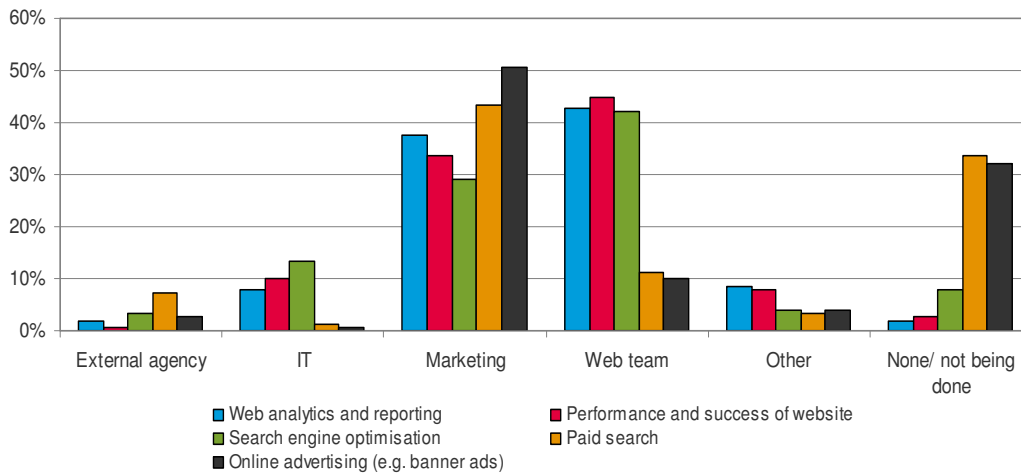
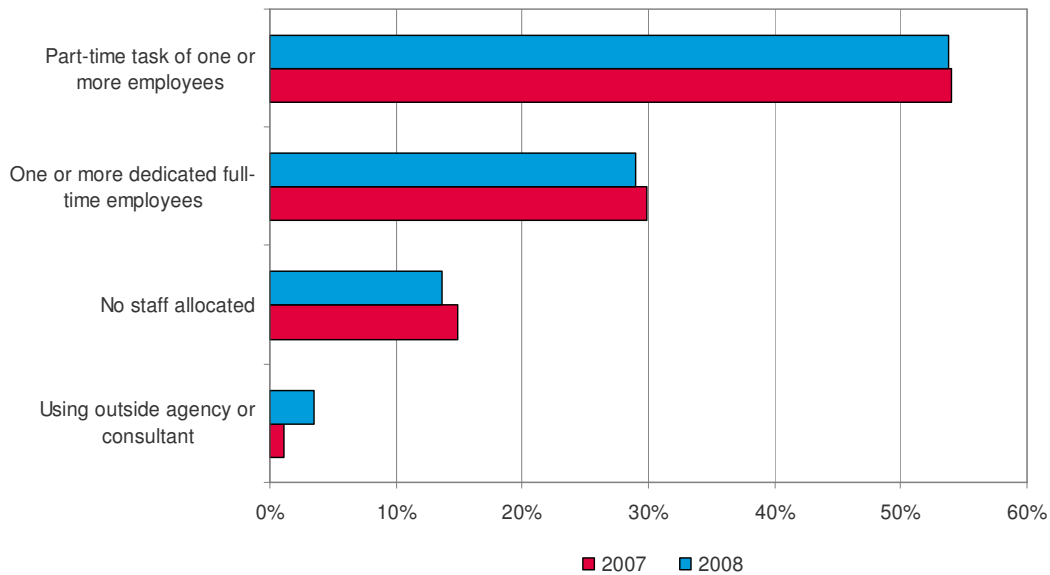


Figure 5b – Structure of the web analytics team (% response shown)



What we think

Web analytics has a more significant impact when its function is aligned with Marketing. Why? Marketing departments are already adept at extracting valuable insights from data. Their interpretations, based on a deeper understanding of market and consumer knowledge (which web teams may lack), enable more accurate insights, leading to more successful strategic decisions.

Advanced users of web analytics are more confident in recognising and utilising the expertise of external consultants. These users recognise that some implementation and analytical skills are so specialised, and their net benefits are sufficiently valuable, that enlisting the services of external agencies is most efficient.

As the market matures, more organisations will use external consultants and agencies in some capacity. Even free products such as Google Analytics require expert set-up – to avoid under-utilisation of the tool and to ensure full leverage for business gain.

4. What is web analytics used for?

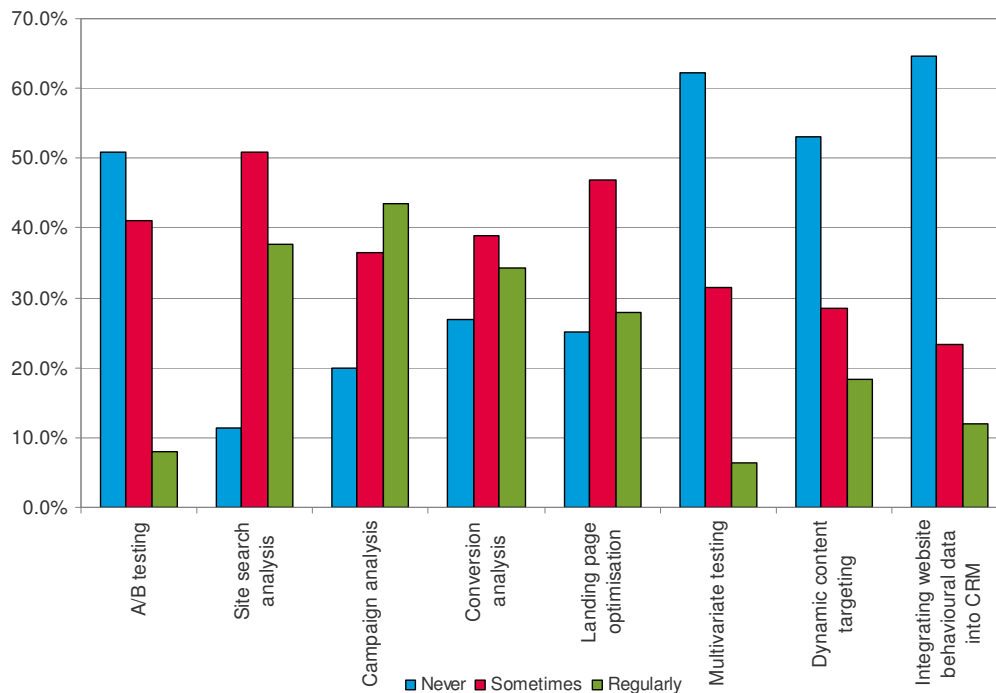
The most common web analytics techniques are similar to last year: site search analytics (88.6%), campaign analysis (80%), conversion analysis (73.1%) and landing page optimisation (74.9%).

At the other end of the scale, more complex techniques such as dynamic content targeting, A/B and multivariate testing, and CRM integration are not broadly adopted – more than half of respondents have never performed these tasks.

That said, these newer techniques were employed by more organisations in 2008 compared to 2007, with 49.1% performing A/B testing (42% in 2007) and 46.9% performing dynamic content targeting (41% in 2007).

As these techniques mature, and as campaign and/or landing page optimisation become more popular for marketers, we expect usage to continue to grow.

Figure 4a – Common web analytics techniques used by respondent's organisation (% response shown)



What we think

It makes sense that conversion analysis has seen a strong increase in interest. Any business that uses the online channel for sales, lead generation or even online self-service should be looking to maximise conversion rates.

Campaign analysis is right up there, too, and so it should be. Insights from web analytics give marketers the ROI arsenal they need to demonstrate the results of a campaign to the powers that be, and also to shape decisions about subsequent campaign strategies.

Site search analysis remains one of the most common actions taken by web analysts. Bialto has written extensively on this topic and continues to advocate its value to clients, and we are pleased to see that Australian businesses are listening.

For more information on site search, see Hurol Inan's in-depth how-to guide, *Search Analytics* (www.hurolinan.com/books/SearchAnalytics).

Despite growth in these areas, many organisations are failing to extract the full potential of their web analytics tools.

The most obvious example is the failure to create unique tracking codes for each traffic-generation activity. Without these codes, how can they analyse cost-per-acquisition? Even with results such as number of leads and total spend, they are unable to associate each result with a particular activity.

When tracking is done correctly and you achieve a good level of granularity – which the tools offer now – you can start to compare the cost-per-acquisition from search engine traffic, email marketing or online advertising, and use the information to shape future decision-making. Clearly, more work needs to be done by marketers in this area.

There is also room for improvement in the level of involvement from the direct marketing team. Web analysts should be making them close allies – as DM analysts bring sophisticated understanding of modelling and analytics to any campaign assessment. This rings particularly true for integrated campaigns.

Testing is another neglected area. Not many respondents reported that they do testing – yet our experience and knowledge tells us that campaign analysis should go hand-in-hand with landing page optimisation and testing. Without testing, campaign analysis will not reach its full potential.

A note on the 'engagement index'

A number of Bialto's clients are looking at implementing online customer/brand engagement indices. An engagement index measures customer engagement based on usage patterns (frequency, recency and depth of use), interactions (downloads, subscriptions, blog responses) and transactions (purchases). This data helps the organisation to understand and support optimal behaviour, and to design strategies that encourage optimal behaviour in all customers.

We are seeing interest from different industries, particularly government, financial services and manufacturing.

A word of caution: it takes time to produce meaningful indices.

In next year's survey, we aim to gather insights into the engagement index, to see who's doing it and how they are going about it.

Web Analytics in Government

In an era where customer expectations have never been higher – “I know what I want, and I want it now” – the online experience offered by many government agencies fails to satisfy. While the customer revolution has led to dramatic changes in the ways that many commercial sites operate, government typically hasn’t been as quick to catch up. The lag in implementation of web analytic tools by government organisations as a strategic business tool offers some insight into the reasons behind this discrepancy.

While governments are spending significant amounts of money on technology, the 2008 Australian Web Analytics Survey found that government organisations are not taking the necessary steps to maximise return on their web analytics investments and leverage the insights to improve the customer experience.

The Auditor General’s report, *Government Agencies’ Management of their Websites* (No. 13, 2008–2009) concurs, finding that agencies are stopping short at measuring website hits, and not extracting meaningful data that correlates with business objectives. It states: “The consequence of not adequately analysing website performance information is that it inhibits the agency’s ability to understand how its websites are functioning, and to identify strengths and weaknesses in service provision.”

Size, responsibility and purpose

Of the 208 respondents in the 2008 Australian Web Analytics Survey, about 20% are from the public sector, with all tiers of government (local, state, federal) represented.

Within government, the responsibility for web analytics typically falls within a standalone web team (64%), without significant involvements of marketing and communication groups.

Individual respondents’ roles in relation to their websites are primarily ‘measurement and reporting’ (62.5%) – which aligns with the web analytics function. Other responsibilities include overall site management, content management and information architecture.

As would be expected, most of the government respondents state the primary purpose of the website as being for the provision of information. About one third of the respondents offer a transactional self-service channel to customers.

Usage of Web Analytics

Despite 62.5% of government respondents stating that their primary role is ‘measurement and reporting’, the survey found that the majority of government organisations (60%) perceive web analytics as ‘not important’ or ‘less important compared to other functions’. Comparatively, of the remaining respondents, only 34.3% had similar perceptions.

For government, only 20% regard web analytics as 'a strategic function that empowers our decision making process' (compared to 30% of respondents from other sectors).

Of government respondents, 67.7% rate their organisation's collective knowledge of web analytics as either none or beginner (compared to 48.8% overall).

In terms of investment, most funds are for the tools (similar to overall response). However, in government, funds allocated to training, staff and external consulting are significantly less than for non-government organisations.

Web analytics methods used by government organisations appear to consist primarily of basic traffic analysis. None of the respondents reported performing advanced techniques such as multivariate testing.

Promisingly, almost all government respondents share web analytics reports within the organisation. But when it comes to taking action, government rates poorly – just under 70% state that they never or sometimes take actions based on reports compared with 44% from other industries. Shockingly, only 11.1% of government respondents declared taking actions most or all of the time, much less than the 39.3% of respondents who did so from other industries.

Conclusion

Government remains significantly challenged in terms of identifying the objectives and KPIs of web analytics, and also lacks the key support of management. The lack of training and investment in web analytics staff is reflected in the poor output of web analytics methods and strategies.

Of course, not all agencies fit this bill. The ATO, for example, shows sophistication in its web testing and analysis. It "regularly invites its customers into the Tax Office's user simulation centre where they collaborate with agency personnel to troubleshoot problems and test products before they are rolled out to the public." (Deloitte Research – One Size Fits Few: Using Customer Insight to Transform Government, 2008).

Yet, apart from a few singular examples, government organisations generally fail to see the benefits that web analytics can offer. Or, if the web team can see it, the executive team does not understand its potential for aligning the online channel with business goals. Until they do, government will continue to lag behind other sectors in terms of using web analytics as a strategic business tool to improve the online customer experience.

5. How much is being spent on web analytics?

Organisations' investment in web analytics remains low, but is increasing year on year despite the wide availability of free tools such as Google Analytics.

Overall, the investment in tools has increased, with 44% spending \$10,001 or more, compared to 36% in 2007. Investment in training and staff remains at a similar level to last year.

More organisations invested in external professional service in 2008, with 58.1% spending some money in this area.

Figure 5a – Organisation's total investment in web analytics over the past 12 months (% response shown)



6. What tools are being used?

Google Analytics remains the most popular web analytics tool among the respondents and has continued to enjoy an increased profile. 62.5% of organisations used Google's free tool in 2008, up from about 50% in 2007.

As in 2007, many organisations (51.2%) use more than one web analytics tool.

Figure 6a – Web analytics tools/solutions currently used by respondents (% response shown – multiple responses possible)

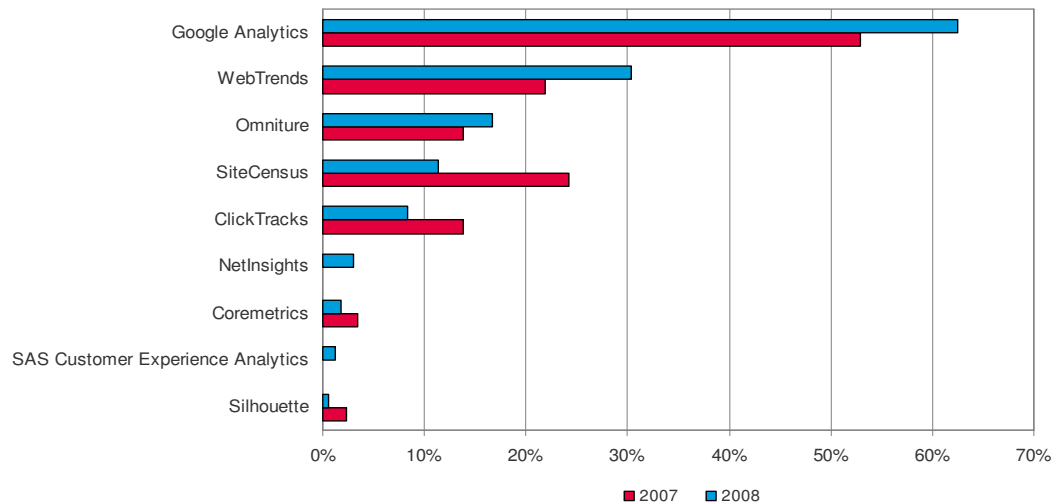


Figure 6b – Number of web analytics tools used by organisation (% response shown)

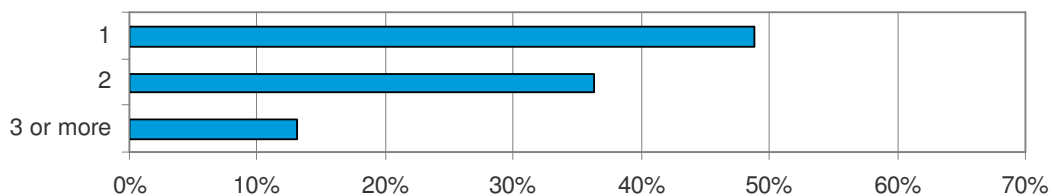
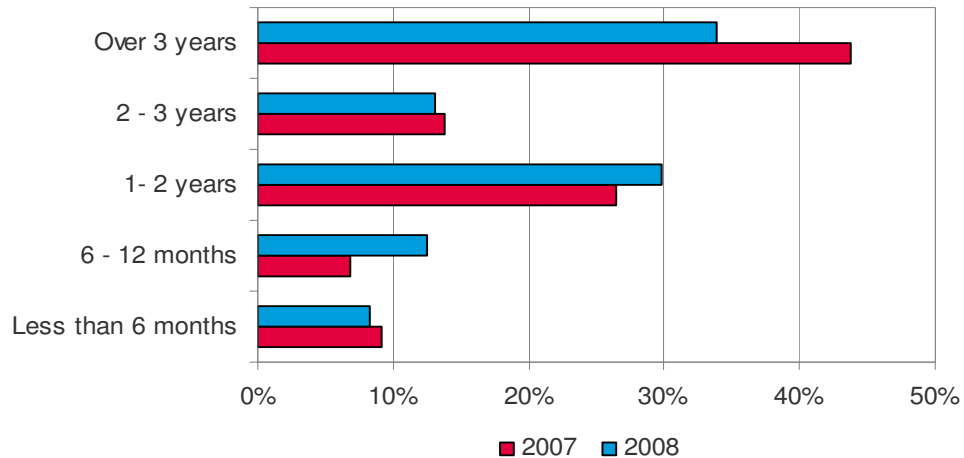


Figure 6c – Number of years organisation has been using primary web analytics tool (% response shown)



What we think

As noted previously, WebTrends promoted the survey to its customer base, and we thank them for supporting the survey. However, the increase of nearly 10% of market share is a skewed result and must be interpreted as such.

Unsurprisingly, Google Analytics is the most popular tool on the market. This growth coincides with the data in Figure 6c, which show that most respondents have had their primary tool for less than two years. When we filtered responses to include only those who have used a product for two years or less, the growth of Google Analytics' market share becomes overwhelmingly clear. In 2007, 54.1% of these respondents noted Google Analytics as their primary web analytics tool. By 2008, this had grown to 77.6%.

Of the leading enterprise solutions, WebTrends and Omniture enjoy the greatest market share. Coremetrics, Unica NetInsights and SAS Customer Experience Analytics are building their presence slowly.

SiteCensus and ClickTracks are losing market share. This can be attributed to smaller businesses moving over to Google Analytics; and larger corporations turning to enterprise solutions such as Omniture, WebTrends, Coremetrics, Unica and SAS.

More than half report to be using more than one solution. Reasons for this include:

- Many are still experimenting with Google Analytics, or use it as a secondary solution to stay abreast of its capabilities
- Using a second tool to verify the accuracy of their primary tool
- They are in transition to another tool

They use Google Analytics for micro-sites, when it is too complex or time-consuming to apply the enterprise tool to the site

It should be noted that some respondents who indicated that they use multiple solutions list Hitwise as one of their web analytics tools. Strictly speaking, Hitwise is not a comparable site-centric web analytics tool – it is a comparative ranking service.

In the market, there is an emerging preference for web analytics platforms to be in-house solutions, whereby the data gathered is stored on the organisation's own servers (as

opposed to hosted solutions). This is particularly true for those organisations that provide customer self-service and transaction capabilities on their websites; and for those that want to conduct multi-channel marketing, and hence need the web data to interact with other CRM and marketing data.

Google Analytics users

Google Analytics' marketshare is growing. As it gains an ever-stronger foothold in the Australian market, it is worth understanding which businesses use it, and what they use it for.

We know that a significant proportion of web analytics practitioners use Google Analytics as their secondary tool – what we wanted to find out was how these 'secondary' users differ from those that use Google Analytics exclusively.

This profile examines the most significant differences between 'primary' and 'secondary' users of Google Analytics.

Size, responsibility and purpose

In the 2008 Web Analytics survey, 62% reported using Google Analytics – with 29% using it exclusively, and 33% as a secondary tool.

The key industries using Google Analytics as a primary tool are Education and Training, and Professional and Technical Services. The larger end of town – particularly Financial Services and Government – is the main secondary user group.

Of the primary Google Analytics users, the main purposes of their websites are generating leads for the business, selling products and services online, and self-service.

Usage of Web Analytics

Dedicated Google Analytics users are more likely to rate their web analytics knowledge as 'intermediate' (71%) than they are 'advanced' (14.3%); compared to secondary users, of which 48.5% rank themselves 'intermediate' and 40.9% rank themselves 'advanced'.

This finding reflects that primary users are likely to be in the earlier stages of web analytics adoption, and hail from smaller organisations. Secondary users, on the other hand, tend to be experienced web analytics professionals who are experimenting with the tool.

Not surprisingly, the primary users of Google Analytics invest less than secondary users across the board (tools, staff, training, external consultants).

Conclusion

In the future, Google Analytics will become the baseline tool – everyone will use it to some extent. It will then be up to the organisation how much they put its rapidly-growing capabilities to use. Already, you can perform most web analytics techniques with it – it's simply a matter of knowing what to do and having the right website.

Large enterprises will continue to use it as a secondary tool, whether it is an interim measure as they transition to enterprise tools, or to measure the success of micro-sites.

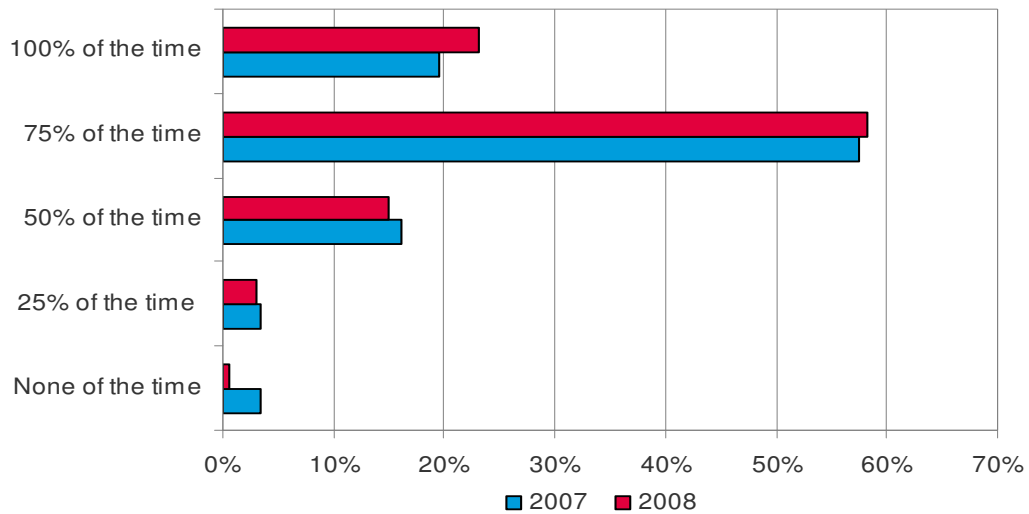
7. Do users trust the data?

In 2008, more organisations are satisfied with the integrity of data from web analytics, with 81.5% of respondents trusting the data 75% of the time or more (up from 77% last year).

The reasons given by respondents about why they don't trust the data coming from web analytics tools are:

- Inaccurate data – different tools generate different results (30.1%)
- Lack of evidence if accurate (9.6%)
- Configuration or technical Issues (9.6%)

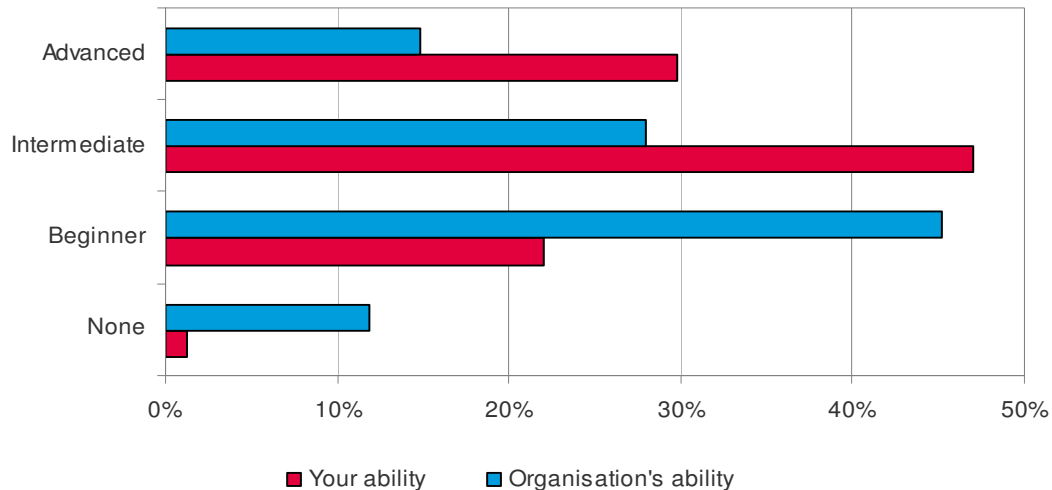
Figure 7a – Degree of comfort with the information from web tools (% response shown)



8. What level of expertise exists?

A gap remains between an individual's and an organisation's collective capabilities in using web analytics tools. Whereas 76.8% of individuals rated their knowledge and expertise as intermediate or advanced, only 42.9% of organisations were similarly rated.

Figure 8a – Respondent's and organisation's ability to use web analytics tools (% response shown)



What we think

This result can be partly explained because approximately 50% of respondents are directly responsible for web analytics implementation and reporting – and so are in hands-on roles in which they gain more experience. It must also be acknowledged that these respondents would naturally rate themselves higher than the rest of their business, as they have been employed as the 'experts' in the field.

Conversely, at the organisation level, the business may lack the confidence to apply the findings of web analytics in making business decisions, despite 85.7% of organisations sharing reports throughout the business.

Whichever the case, the disparity is still large. And in the cases where the gap exists, and the organisation lacks awareness of web analytics, the business is yet to reap its benefits.

9. How often is action taken on web analytics reports?

85.7% of organisations distribute web analytics reports throughout the business.

Yet only one third of these organisations take action based on these reports 'most' or 'all' of the time. Almost half 'sometimes' or 'never' take action on the reports.

Encouragingly, the proportion of organisations that take action 'most' of the time has increased by 10% compared to last year, which suggests that those responsible for generating the reports are aligning them more effectively to business needs and KPIs.

32% of respondents stated that conversion is the most important metric for their business, followed by visitors (31%), content (21%), site traffic (12%) and site tools usage (6%).

In terms of perceived ROI on web analytics investment, 68.5% of respondents stated that they gained 'good' or 'great' value from their investment in web analytics in 2008, which is a marginal increase on the 2007 result (67%).

Respondents had the opportunity to elaborate on why (or why not) web analytics delivered value to the organisation. For those that have gained from web analytics, 43% said that analytical reports gave better understanding of user behaviour, user requirements and site performance – so they could see where to improve. For those that didn't reap any benefits, 13% said they simply didn't use the tool.

Figure 9a – Frequency that the organisation takes action based on web analytical reports (% response shown)

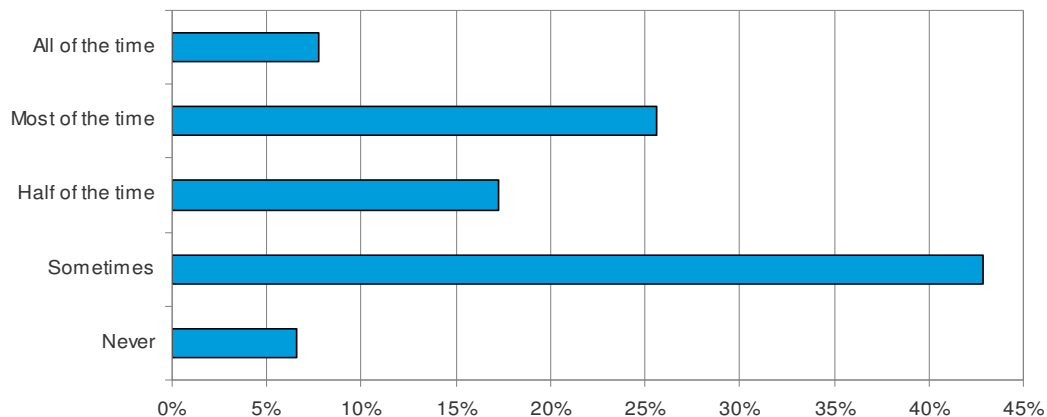


Figure 9b – Key online metrics your business measures (% response shown)

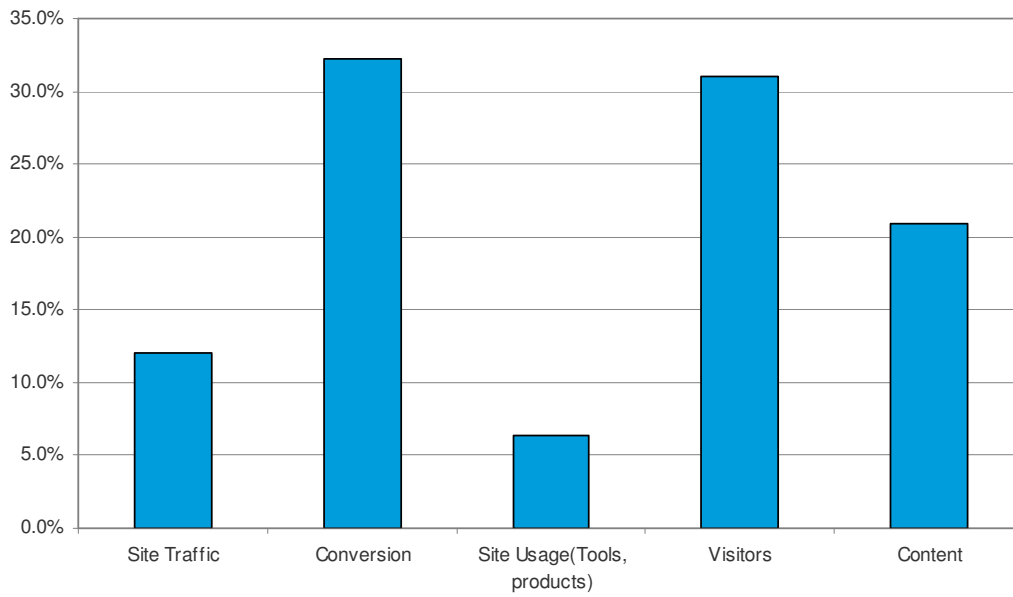


Figure 9c – Value gained from investment in web analytics (% response shown)

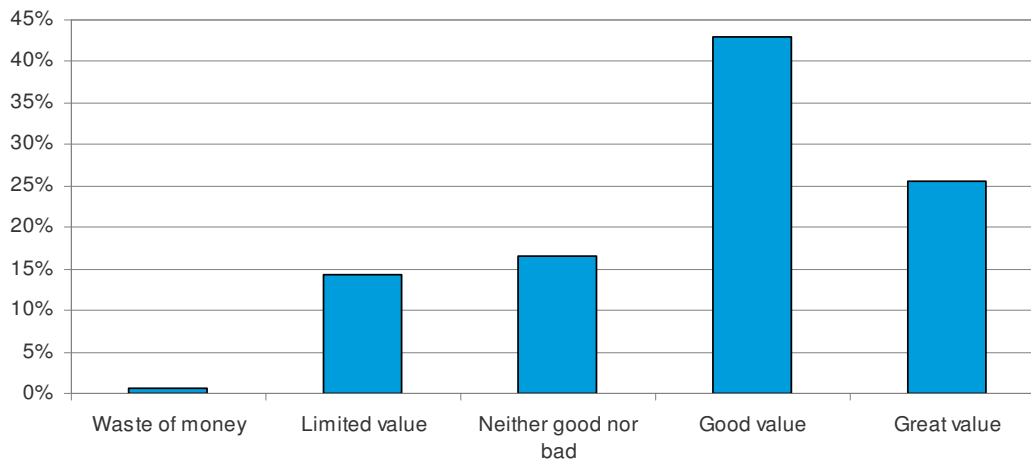
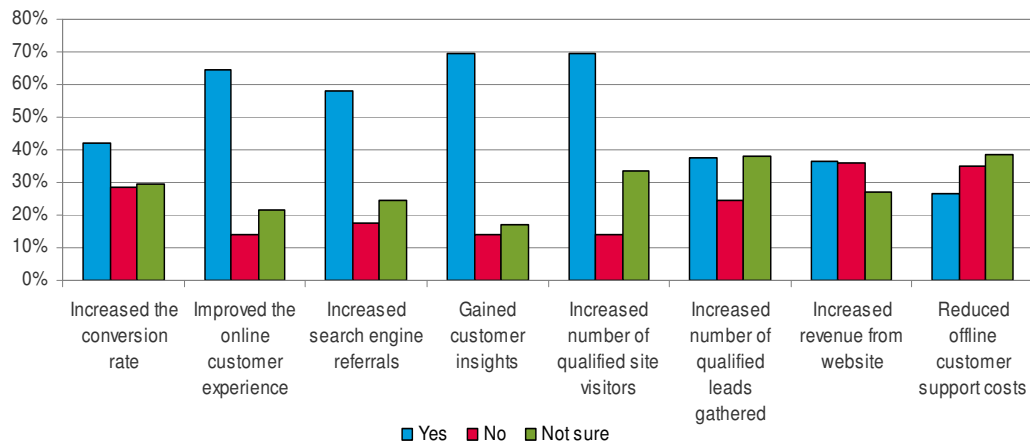


Figure 9d – Gains from adopting web analytics (% response shown)



Respondents were invited to comment on other ways that web analytics has impacted their business – both good and bad. A selection of the responses is provided below.

Organisations that have gained from analytics

“Instant insight into usage behaviours and ability to constantly optimise performance based on insights gained.”

“We are in a position to make informed decisions on what is happening on our sites/clients’ sites using the evidence gathered from the tools we use rather than relying on our hunches (very 90's) and also TEST!”

“The dynamic and real time nature of the online environment allows you to take action immediately. We are abreast of all data in real time and if we can see trends on traffic are not good, we can make changes to our internal and external marketing. If sales are not on track, we can investigate why this might be – i.e. site issues. If conversions are poor, we can asses why this might be – i.e. landing page content, deep links, broken links, value of offers etc.”

Organisations that have not gained from analytics

“We are yet to see the value of the product, but I am confident it will be worth the investment in the long term.”

“Opportunity to act upon intelligence is limited based on lack of executive support and extensive red tape.”

“Not enough decisions are based on information provided by stats.”

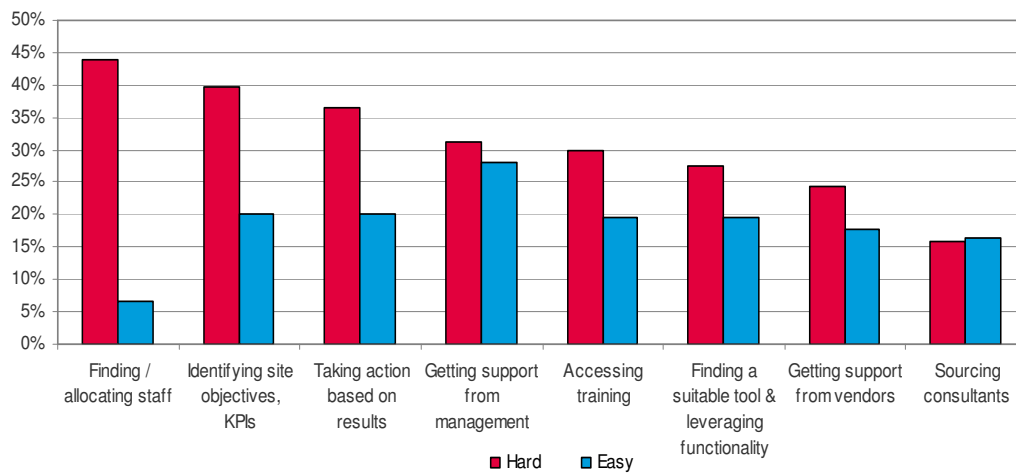
10.Challenges of web analytics

The toughest issues to overcome are:

- Finding/allocating staff
- Identifying site objectives and KPIs (not the case for 'advanced' users)
- Taking action based on results

Compared to last year, 24% of respondents also are finding it hard to get support from their vendors, up 15% from 2007.

Figure 10a – Challenges from adoption of web analytics (% response shown)



11. Trends for 2009

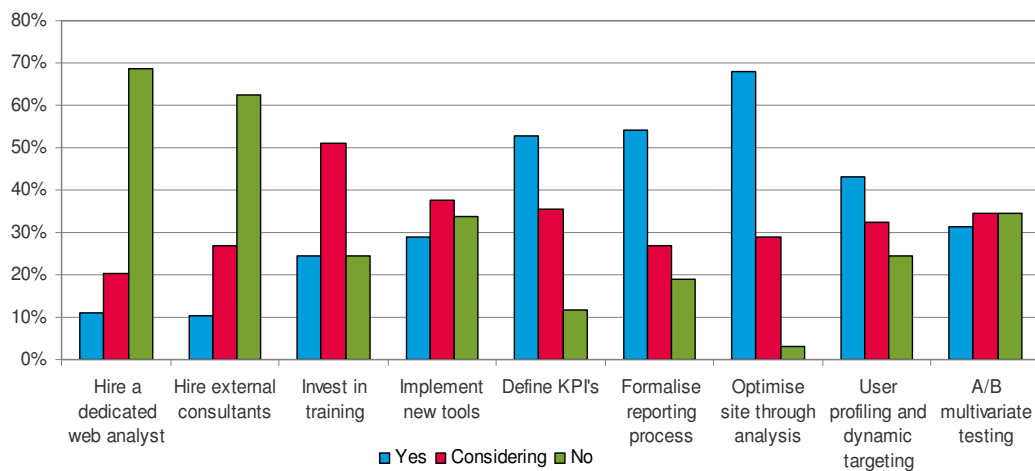
Site optimisation is the primary focus for 2009. Without this key strategy, an organisation's online channel risks fading out of the spotlight – and off customers' radars. As sites like YouTube take centre stage and shift customers' expectations about what's possible online, businesses must keep up.

Site optimisation is critical for two reasons. First, a website is never static, and new features should be regularly introduced to grab the customers' attention. Second, any business that executes online campaigns requires ongoing optimisation – with the pace of change online, what worked last month won't work today.

Reporting and KPIs remain an ongoing challenge, and it's clear that many organisations, particularly in the government sector, still struggle in this area. We need to see more thought-leadership around how KPIs and reporting can be used to assess the current level of performance, set direction and prompt actions. Promisingly, the survey results indicate that many organisations plan to define KPIs and formalise reporting processes in 2009.

In other areas, 2009 will be a strong year for web analytics as organisations explore more advanced tools and start putting more sophisticated techniques in place, such as user profiling and dynamic content.

Figure 11a – Web analytics plans for 2009 (% response shown)



From the open-ended question, ‘What does your organisation hope to achieve with web analytics during 2009?’, a number of common themes emerged. Clearly, some are more sophisticated and ambitious than others.

The main themes are represented in the following selection of responses:

“Better conversion rates.”

“Site improvements, including IA changes, improved tracking of campaigns, increased understanding of user segmentation.”

“Better understanding of user behaviour.”

“To roll out a central, easy-to-understand dashboard with actionable data for each part of the business.”

“Closed loop reporting, greater integration with CRM system, getting e-commerce reporting to work in Google Analytics.”

“Continue to fine-tune the purchase funnel so we can generate more leads and ensure we are using our digital advertising budget as efficiently as possible.”

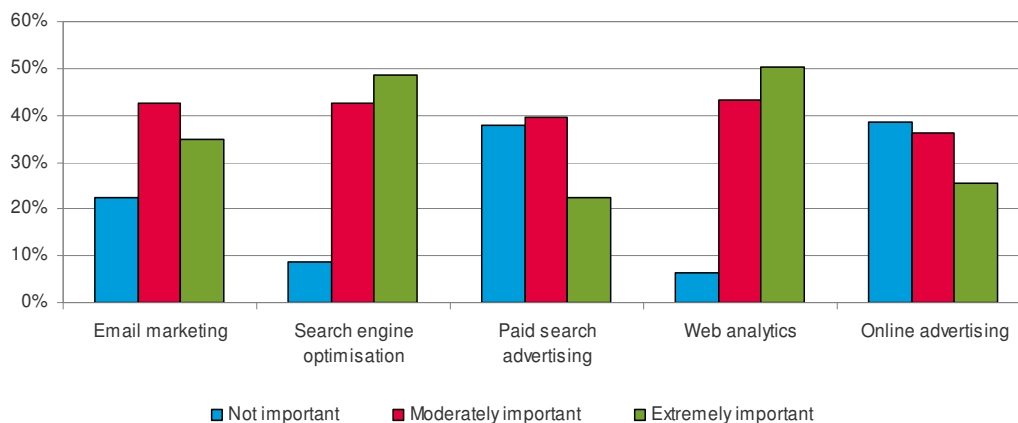
“Make it easier for our users to get what they want from our site.”

Plans for web related initiatives in 2009

Encouragingly, web analytics (50%) is considered the most important priority in 2009 in terms of the range of web initiatives, nudging search engine optimisation out of the top spot (at 48%).

Yes, this is a web analytics survey so this may be a biased result. However, year on year, search engine optimisation has been falling in priority for respondents of the survey. This may be because respondents are more satisfied or comfortable with the search engine traffic coming to their site, or they have established practices in place to take care of it.

Figure 11b – Planned web initiatives in 2009 (% response shown)



Conclusion

Web Analytics is definitely maturing in Australian organisations where the online channel is viewed as a strategic part of the business. More and more, we are seeing advanced thinking, improved capabilities, sound plans and even experimentation taking place.

Key strategies to watch for in coming years include:

- **Targeted marketing** – this requires real-time user identification and profiling. But get this right, and you can integrate online behaviours together with a user's offline profiling information, to generate meaningful, targeted offers that enhance both the customer experience and response rate.
- **CRM integration** – by capturing information about online behaviour into a CRM system, marketers can then use this valuable information when designing targeted marketing campaigns and generating real-time dynamic offers.
- **Customer/brand engagement metrics** – in this exciting new space, it will be possible to calculate the degree to which online customers engage with the site or a section of it, by taking into consideration various usage activities and responding to fluctuations and trends.

Like every market, there are still a number of organisations in early stages of web analytics adoption. Fortunately, there are a lot of resources available for beginners – including books, discussion forums and blogs – which provide an abundance of practical information about how to get the ball rolling.

A word of advice: get involved early. Whether it's a new campaign or a website re-design, don't sit back and wait for someone to ask for the statistics. Collaborate with the project team early, help define measurable site / campaign objectives, and implement the right measurement tools accordingly. With access to current statistical data, you can continually tweak your strategies to reflect shifts in consumer behaviour, and remain a step ahead of the competition. Ultimately, web analytics shouldn't be about justifying expenditure, but identifying innovative approaches to penetrate an often over-whelmed consumer.

We hope you find this report useful, and we thank everyone who participated in the 2008 Australian Web Analytics Survey.

About Bialto

Bialto is a specialist marketing consultancy based in Sydney that enables its clients to realise the full potential of online marketing and website performance. Bialto provides web analytics, customer experience and online marketing programs to some of Australia's leading businesses.