

## Actionable Analytics



# Razorfish

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# Introduction



Each year marketers stake their reputations on digital advertising programs and Web sites that deliver irrelevant content to consumers and limited business value to the enterprise. And yet the marketplace is glutted with Web analytics tools that are supposed to help marketers create better digital ads and Web sites. Why is there such a disconnect between Web analytics tools and business results?

Razorfish prepared *Actionable Analytics* to help you close the gap between analysis and performance. We assume that Web analytics packages are useful tools for measuring performance, but they don't provide actionable advice. Our approach is to show marketers how to turn analytics into action by answering 14 critical business questions you should ask when attempting to use analytics to make better decisions about customers.

*Actionable Analytics* offers several breakthrough ideas. For instance, we believe investing into brand — or direct response marketing need not be an either/or decision. We introduce a way to use analytics to determine the right mix of advertising spend in both categories. We answer the practical but tough questions — like should you spend your next advertising dollar on brand or direct response and what can you do *now* to improve your Web site's performance?

You'll find the 14 questions in three major categories: media analytics, Web analytics, and customer relationship management. Within each category, we've attempted to go beyond simply examining historical data. We aspire to provide useful information that marketers can use to achieve better results, both now and in planning future programs.

Here is an overview of each of the three sections:

**Media analytics** refers to analyses that inform and improve the effectiveness of the planning, execution, and optimization of digital media. Marketers continue to waste money every year because they don't optimize their online media campaigns based on metrics that drive long-term value for the business.

This section suggests measurements and analyses that allow you to determine challenges ranging from allocating marketing spend across media to creating the right mix of brand and direct response marketing.

**Web site analytics** informs site design, usability, and ongoing optimization. Web analytics tools deliver no value unless they are configured properly, and experts analyze the captured data. These tools are flawed as holistic media measurement solutions. You should augment them with purpose-built media analytic tools.

Expertly designed and used tools can now tell a company something about how consumers behave when they visit a page. How long do they spend on a page? Where do they stop scrolling? A sophisticated Web analysis program should track those and other questions.

This section also looks at ways to improve your Web site performance through multivariate testing tools and test plans. One company we worked with was able to use tools and expert advice to discover problems in its Web pages and to redesign them for double-digit improvement in conversion rates.

**Customer relationship management** helps manage visitors or customers over time to increase the value and breadth of services provided. Marketers can create a seamless and personalized consumer experience across all digital contact points without incurring massive set-up costs or capital investments.

This section includes ways to extend a marketer's segmentation scheme into display media, Web site, e-mail, and even direct mail. You may also integrate data from these digital interactions into an enterprise-wide e-CRM solution.

*Actionable Analytics* bases recommendations on numerous studies, years of collective knowledge, a broad range of specialist expertise, and deep experience with companies that are tackling the issue of a positive return on marketing investment. As you read *Actionable Analytics*, please let us know what you think. Did this information help you? Why or why not? What can we do better next time around? Please write Lee Sherman at [lee.sherman@razorfish.com](mailto:lee.sherman@razorfish.com), or call Lee at (206) 816-8751.

Now, take action.

# Media Analytics

Media analytics refers to a group of analyses that help marketers achieve the desired consumer response to digital media campaigns. This section covers a critical set of advertising questions and forward-thinking analyses that shed light on which types of media are working most effectively. This section does not cover the basic analysis that should first be performed and fully institutionalized (e.g., time-to-convert analyses).

Look to this section for advice on how to optimize your online media campaign based on the analysis of media data.

## Brand versus direct response advertising

### QUESTION 1

Where should I spend my next advertising dollar—on brand or direct response advertising?

### ANSWER

By analyzing historical campaign data, you can obtain a targeted mix of brand and direct response messaging that yields the highest probability of online conversion.

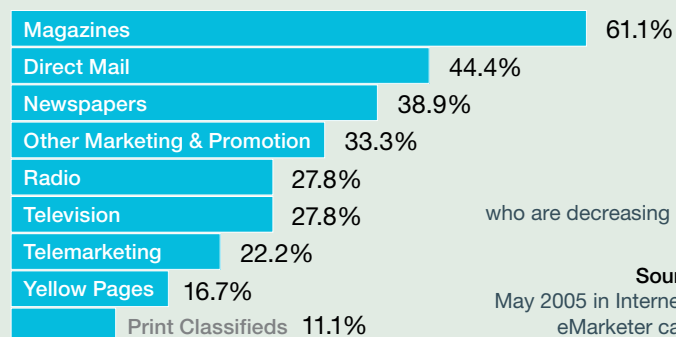
## Background

Increasingly, advertisers are shifting brand dollars online from more traditional branding media, including television, radio and print—as depicted in Exhibit 1.

### EXHIBIT 1

*Advertising Media Where US Marketers Will Spend Less  
in Order to Fund Increases in Online Advertising Spending, 2005*

As a percentage of respondents



**Note:** n=18 marketers who are decreasing other channels; multiple responses allowed

**Source:** Forrester Research, May 2005 in Internet Retailer, August 2005; eMarketer calculations, August 2005

These advertisers are forced to wrestle with the seemingly conflicting goals of brand building or driving sales. *Actionable Analytics* skirts the question of what defines “brand creative” versus “direct response creative” because all creative work serves both purposes to some degree. For practical purposes, companies need to come to an agreement, or work with an agency, to categorize each creative element as either brand or direct response based on its intended purpose, format, and message.

## Approach

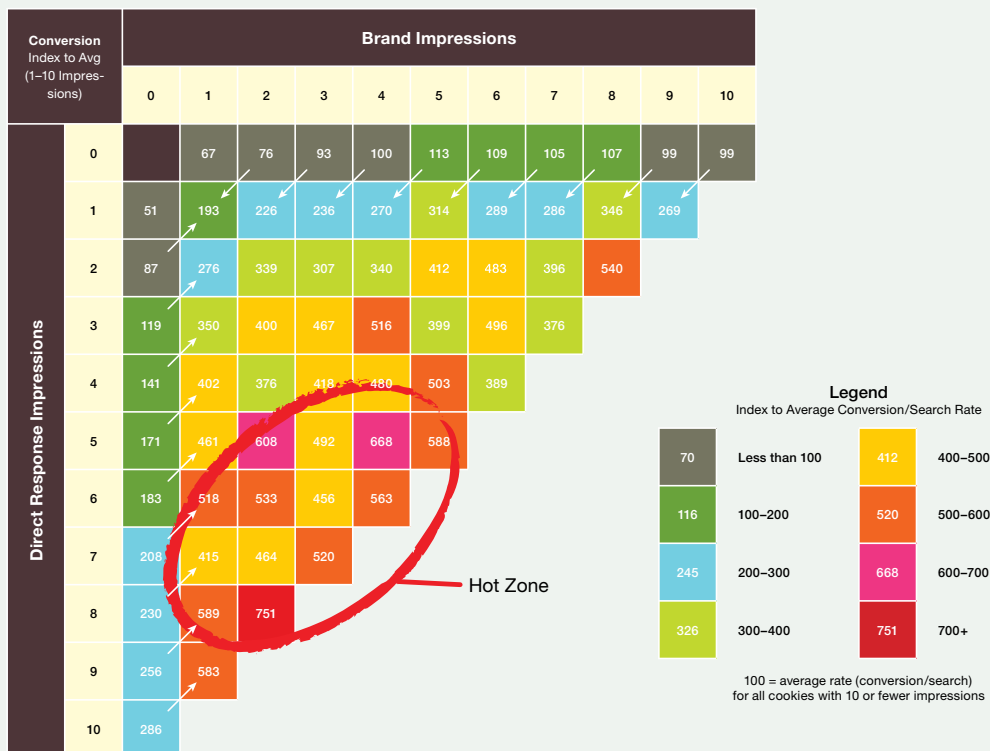
With the help of Razorfish, a travel and hospitality company analyzed ad-serving data from a large digital media campaign. The campaign contained both brand and direct response creative. We grouped all cookies\* according to the combination of brand and direct response creative to which they were exposed. We then analyzed the subsequent conversion (online purchases) made by each segment of cookies. The results of the analysis are illustrated in Exhibit 2.

\* Razorfish tracks anonymous cookie data.

## How to read Exhibit 2

The table lists the frequency of impressions from a given campaign, brand impressions (0 to 10) across the X-axis, and direct response impressions (0-10) along the Y-axis. The cells within the table represent a combination of brand and direct response frequency, and within each cell is an indexed number indicating the probability of converting or purchasing. A score of 100 indicates the average conversion rate for all cookies with 10 or fewer impressions. Each cell is color-coded according to its index conversion rate score.

EXHIBIT 2  
*Frequency of Conversion*



## Key takeaways

- The probability of converting increases with the frequency of impressions, but at a decreasing rate. In some cases, increasing frequency actually reduces the probability of converting. (See index scores along the row of zero direct response impressions and 0-10 brand impressions.)
- When the impressions are heavily weighted towards brand, a direct response banner works better. The opposite is true when impressions are heavily weighted towards direct response. To illustrate: if a person has viewed four brand impressions and no direct response impressions, the indexed probability of converting is 100. If that individual is served one more brand impression, the index rises to 113. Conversely, if that same person is served one direct response impression, the index almost triples to 270. This pattern is seen again and again, as indicated by the red arrows.
- Ultimately, there is a “hot zone” of media mix between brand and direct response messaging that indicates the highest indexed conversion rate. While the best performing cell was two brand impressions and eight direct response impressions (index 751), advertisers cannot force users to consume 10 impressions nor absolutely control the mix. For this reason, you should identify a hot zone as the target, then monitor and optimize the mix towards that zone over the course of a campaign.
- The index scores and the hot zone vary with campaign, which means you need to perform this analysis based on your own campaign data, rather than any rule of thumb you might extrapolate from Exhibit 2.

## The best set of online media metrics for my business

### QUESTION 2

Have I established the best possible set of metrics to optimize my online media campaigns?

### ANSWER

Probably not. Few companies have linked media data to transaction data to enable media optimization against the behaviors that drive business value.

## Background

Because online media are infinitely measurable, marketers invest in tools and resources to monitor and optimize their performance. An industry of Web analytics providers and interactive agencies has been built on the foundation of data and measurement. But, what a marketer chooses to measure and how she defines success will shape a given campaign and can influence a broader media mix.

## Approach

Follow three rules to improve the effectiveness of your online media campaigns:

- Clearly define the objective of the media campaign; be specific.
- Identify an optimization metric(s) that ties directly to the campaign objective.
- Enable the metric through measurement technology and data integration.

First, be clear about the goal of the campaign. Optimization metrics differ dramatically between brand and direct response campaigns. Brand campaigns are designed to build awareness, re-position a brand, or enhance desirable brand associations. In contrast, direct response campaigns are intended to elicit a consumer response or trigger an action.

Second, whatever the campaign goal, tie the optimization metrics to the strategic intent of the campaign and the underlying business objectives. For a direct response marketer, those objectives may be to acquire customers, maximize gross margin, maximize total gross margin dollars, launch or extend a specific product category, or maximize lifetime value.

When your media department or agency is focused on specific business goals, it's easy to see how a dated cost-per-action (CPA) metric fails to represent those objectives and actually misdirects your media dollars.

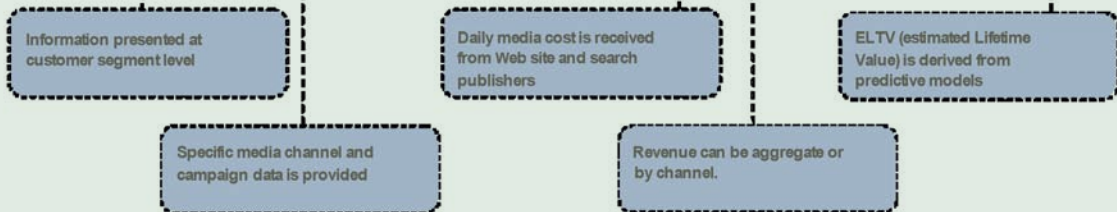
Third, tie back-end transaction and profitability figures to the media data and use a data platform that can present this information in a timely fashion to a media group. Maintaining a single database or repository containing all customer and transaction data is not a prerequisite. What is important is that all databases contain a common key, such as Customer ID. A purpose-built media tool can tie disparate database information and media data together using a common Customer ID that is associated with an anonymous media cookie.

Exhibit 3 illustrates how a purpose-built media optimization tool can link creative and placement impression data through to online or even offline transaction data. Such tools can associate ongoing transaction data back to the original campaign that acquired a given customer to support media optimization based upon lifetime value. Moreover, a custom-built tool can provide the planner with an integrated view of all digital media campaigns (Web media, video, search, email, etc.) and do so at a customer segment level.

For marketers who want to realize the vision of providing a seamless customer experience across digital contact points, this “global marketing dashboard” is a prerequisite. Razorfish has invested millions of dollars building the technology infrastructure to support such custom media analysis and optimization tools.

### EXHIBIT 3

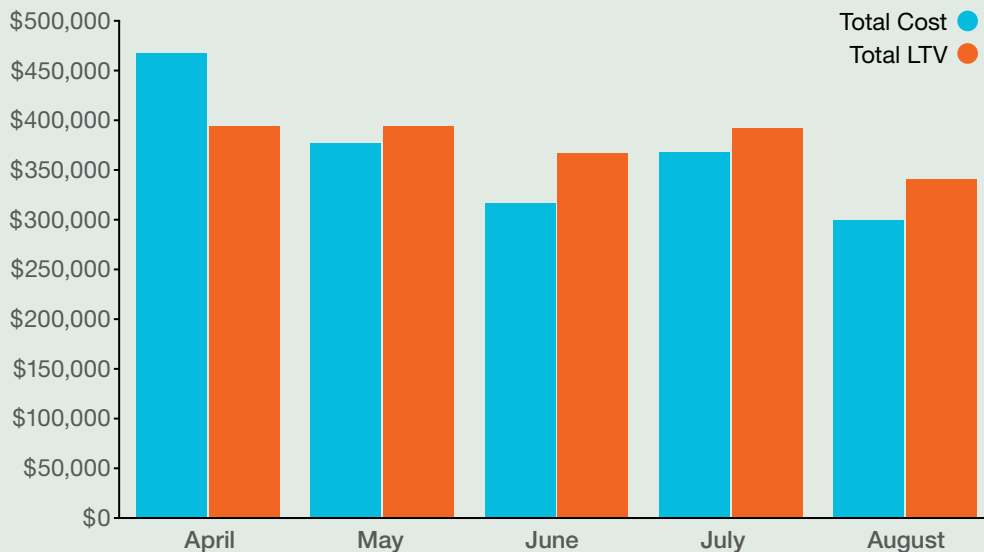
Availability	NewRepeat	Channel	Media Type	Time	Gender	Region	Creative Msg	Publisher	Treatment	LTV Segment										
All Availability	All NewRepeat	All Channel	All Media Type	All Time	All Gender	All Region	All Creative Msg	All Publisher	All Treatment	All LTV Segment										
Drop Column Fields Here																				
Property Group	Segment	Media Plan	Site	Imps	Click	CTR	VBC	CBC	Conv	Conv Rate	Media Cost	Revenue	CPRN	ROAS	ADR	Uniques	ELTV	Avg ELTV	Site Equity	Avg Site Equity
Northern Nevada				300	0	0.00%	1	0	1	0.33%	\$82	\$120	\$82	-51.2%	\$120	1	\$200	\$200	1.2	1.2
Southern Nevada	TR - Diamond	Email Spring 04		7,000	44	0.63%	6	8	14	0.20%	\$788	\$5,651	\$29	116.0%	\$147	14	\$56,800	\$4,957	20.3	1.45
		Email Summer 04		4,300	20	0.47%	6	3	9	0.21%	\$490	\$4,015	\$20	170.4%	\$170	9	\$43,800	\$4,967	14.8	1.64
		Search 04		0	67		0	67	67		\$741	\$27,931	\$5	1117.7%	\$172	67	\$287,000	\$4,284	103.8	1.55
		Spring 05		38,300	41	0.11%	45	31	76	0.20%	\$758	\$28,122	\$32	95.1%	\$168	76	\$527,400	\$6,939	123.4	1.62
		Summer 05		22,300	26	0.12%	29	17	46	0.21%	\$689	\$15,881	\$31	95.0%	\$154	46	\$347,400	\$7,552	78.4	1.7
		Total		71,900	198	0.28%	86	126	212	0.30%	\$466	\$80,920	\$22	180.8%	\$165	212	\$1,262,400	\$5,955	340.6	1.61
	TR - Gold	Spring 05 (Media Plan)		181	0	0.29%	72	113	185	0.30%	\$250	\$69,648	\$22	178.7%	\$168	185	\$114,400	\$618	299.5	1.62
	TR - Platinum			261,900	736	0.28%	307	461	768	0.29%	\$3,019	\$286,153	\$23	169.7%	\$165	764	\$1,375,400	\$1,800	1218.6	1.6
	Unidentified			185,200	473	0.26%	227	322	549	0.30%	\$2,148	\$201,657	\$23	164.0%	\$166	535	\$107,000	\$200	859.2	1.61
	Total			581,100	1,588	0.27%	692	1022	1714	0.30%	\$7,883	\$637,488	\$23	170.2%	\$166	1696	\$2,859,200	\$1,686	2718	1.6
Grand Total				581,400	1,588	0.27%	693	1022	1715	0.30%	\$7,965	\$637,618	\$23	169.9%	\$166	1697	\$2,859,400	\$1,585	2719.2	1.6



For an illustration of how quickly a change in optimization strategies can yield results, see Exhibit 4. Through April, the marketer optimized media based on conversion rate. As of May, it implemented a custom media dashboard that tied lifetime value (LTV) to online media. From May onwards, the marketer was able to achieve a lifetime value that exceeded the cost of acquiring the customer.

### EXHIBIT 4

Company X Search Results



## Key takeaways

- Don't burden a single campaign with both direct response and brand goals.
- What you measure is what you get, so choose your metric(s) wisely.
- Invest in a custom media dashboard so that you can tie media data to the desired transaction or financial data. Don't settle for a proxy metric unless you have no alternative.

## Media channel interaction

### QUESTION 3

Do media channels interact to influence consumer behavior? If so, how much?

### ANSWER

Controlled experiments by Razorfish repeatedly measure interaction between display media and search. A smaller body of research points to a similar interaction among display media and TV, radio, and print.

## Background

With the dramatic increase in online media spending as well as the seemingly endless stream of new media, the marketer is left with complex questions about how media channels interact to influence consumer behavior. Razorfish conducted a number of studies that measure the interaction among different media channels, including display media, search, television, print, and radio. What follows is a summary of two such studies. The first measures the interaction between display media and search while the second case study examines the interaction between display media and television.

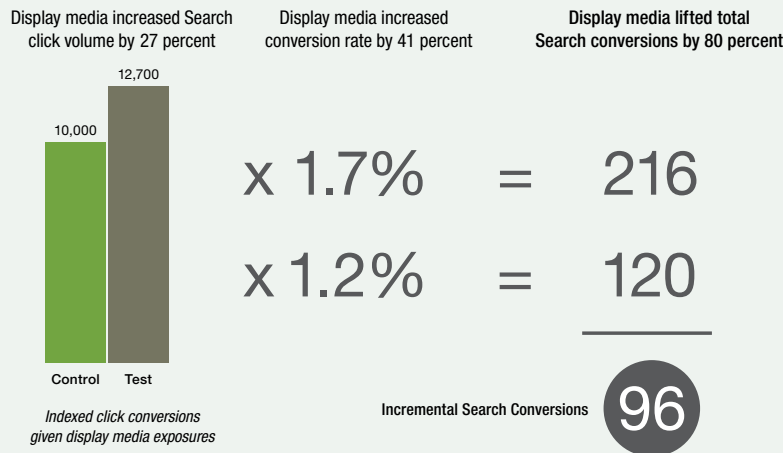
## The interaction between display media and search

### Approach

In this experiment, Razorfish simultaneously executed a display media campaign and a search campaign. Within the display media campaign, we employed the Atlas customer targeting function to randomly set aside a group of cookies to receive an International Red Cross banner rather than the advertiser's banner. Both exposed and control cookies had an equal opportunity to be exposed to all other media, both historical and concurrent.

The control group within the display media campaign effectively isolated the impact of the display media campaign since the only difference between these groups was the exposure to display media. The results of this study are illustrated in Exhibit 5.

EXHIBIT 5  
Interaction Between Display Media and Search



### Key takeaways

The study revealed that the group exposed to display media were 27 percent more likely to click on a branded search term as compared to the display media control group. What's more, the exposed group was 41 percent more likely to convert on the search click, compared to the control group. (Conversion was defined as completing an online purchase.) The compounded effect of the increased propensity to click on search terms and to convert on those clicks equates to an 80 percent lift number.

You can see the interaction effect through similar studies that Razorfish has performed. This body of work establishes an interaction effect between display media and search. Marketers who understand this interaction have an advantage over their competitors because they have better informed media buying strategies and performance targets.

## Interaction effect between display media and television

### Approach

To evaluate the impact of online banner campaigns on the advertiser's site subscriptions, Razorfish designed and executed a market test during the first two weeks of a spring online campaign. The study sought to answer two key questions:

- What is the impact of online advertising during the advertiser's spring campaign?
- What is the stacking effect of various media (specifically online display with broadcast television)?

Razorfish partnered with the advertiser to understand the relationship between an online campaign and a TV campaign that aired across matched markets. We identified cookies in these markets and separated them randomly into two groups to either receive or not receive the advertiser's online banner ads.

We segmented the media data into four test groups shown in Exhibit 6, and we measured conversion rates for each of the four cells to quantify the interaction between online and offline media.

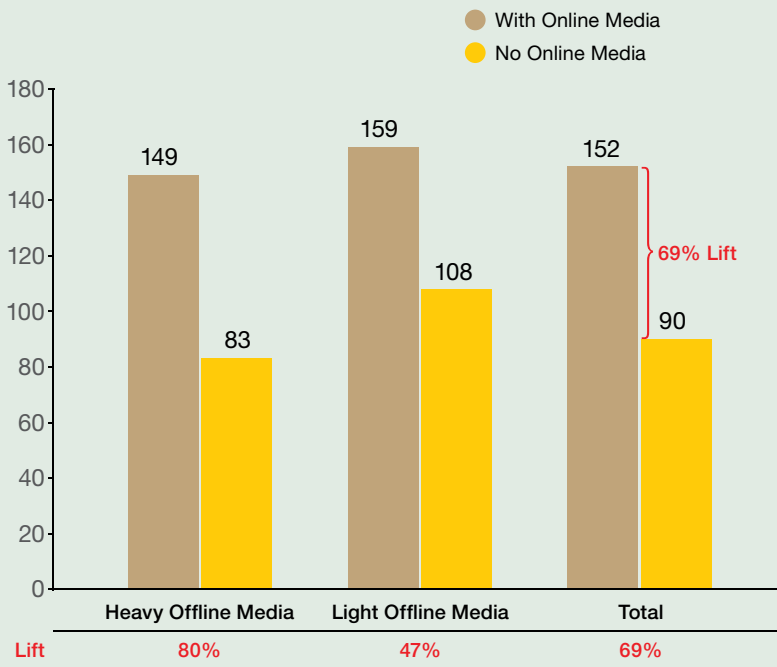
EXHIBIT 6  
Interaction Between Online and Offline Media

		Segmented by geographic markets/DMA based on offline media volume and identified cookies in each segment.	
		Heavy Offline Media	Light Offline Media
Using Atlas Customer Targeting to segment cookies into two randomly-assigned groups.	With Online Media	✗	✗
	No Online Media	✗	✗

**Key takeaways**

As depicted in Exhibit 7, the study showed a positive relationship between the amount of conversion lift that the online campaign generated and the level of offline media.

EXHIBIT 7  
Conversion Rate Index



- Online media drove significant conversion lift across the board (69 percent).
- Online media had a higher impact on conversions when supported by offline media, generating 80 percent lift in markets with heavy offline media and 47 percent lift in markets with light offline media.

This study led us to conclude that offline media such as TV can have a positive impact on the performance of online campaigns. Online banner ads are more effective in driving conversions when combined with the buzz and awareness that is created by TV campaigns.

## Developing advanced attribution models

### QUESTION 4

If media channels interact to influence customer behavior, am I correctly attributing sales to media and inefficiently allocating my media?

### ANSWER

No. You are likely attributing far too much credit to the last online impression viewed or clicked. Those marketers who move quickly to develop more advanced attribution models will likely gain market share.

## Background

The interactive media industry has standardized on a very simple business rule to attribute credit for a conversion, a business rule that was first established in 1997. The two-part media attribution business rule is very simple and fairly effective:

- One hundred percent of the credit for a conversion is assigned to the last ad impression served prior to the conversion.
- A click on an ad impression trumps a view.

This two-part rule defines attribution and is therefore fundamental to all media optimization. The industry standard attribution rule is used by marketers to assign credit for all online conversions, all digital media channels, and all variations of media buys. A marketer's entire digital media spend – whether display media, search, emerging media, portal buys, niche sites, or performance networks — is subject to this simple rule of media attribution.

It is intuitively satisfying to believe that multiple media exposures over time will influence a consumer's response to that media, but the idea of assigning 100 percent of the credit to the last impression served feels wrong, or at least sub-optimal. That intuition has been born out by recent extensive cookie-level analysis of media data.

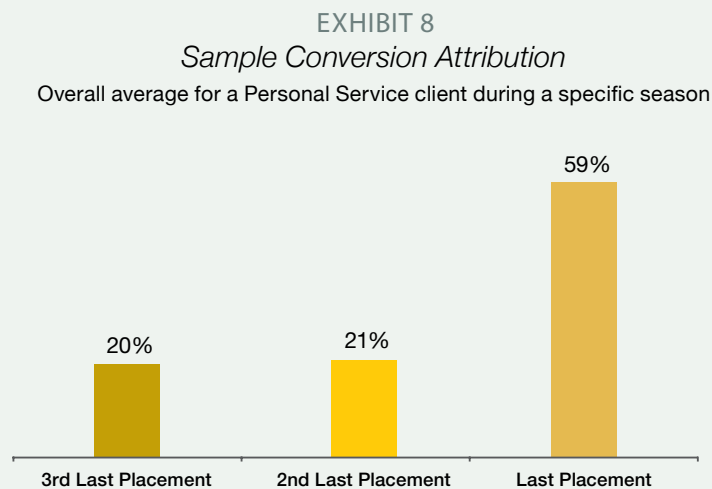
## Approach

In order to assess the impact of multiple media exposures on consumers, Razorfish analyzed six months of cookie-level data. (Web-based reports from third-party ad servers consist of aggregated data, which is not suitable for this type of analysis.)

For the benefit of readers steeped in analytics: our approach was to establish a group of stable cookies, those that were alive and tracked over the course of the six-month test period. We then rolled up all digital media exposures to the cookie level. This data set included impression data from all display media, sponsorship, and paid search campaigns as well as click and action data. Action data includes behavioral and purchase data from a marketer's Web site and is the basis of measuring the response to the media campaigns.

In this way, we were able to analyze the entire history of tracked digital media exposures for a given cookie over time. We performed this for millions of unique cookies. Next, we analyzed the media history for all cookies that converted during the test period, employing regression techniques to measure the influence that different media exposures had on the eventual purchase.

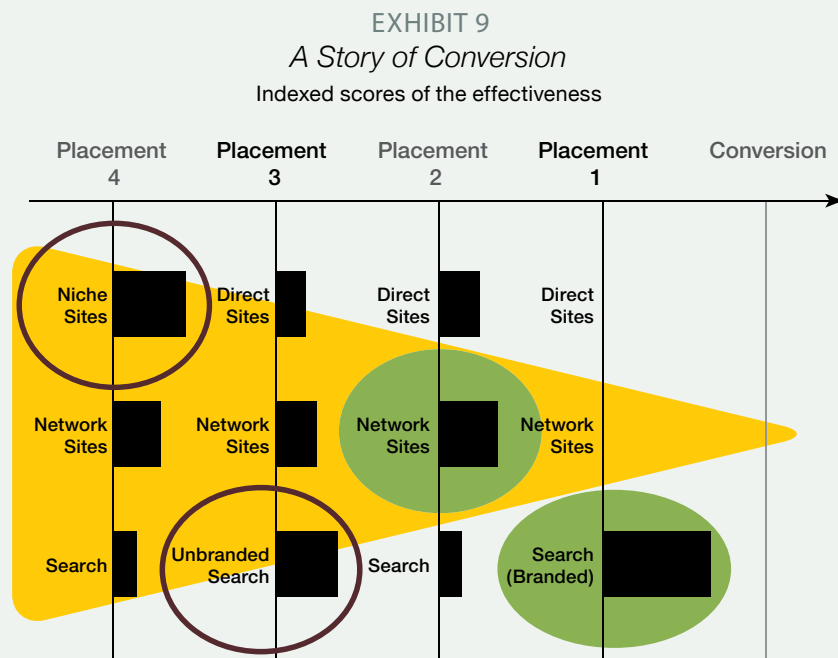
Exhibits 8 and 9 highlight just a few insights derived from an analysis of one client's data. For the portion of purchase behavior that could be explained from online media, the data revealed that almost 60 percent of the influence came from the last media exposure prior to conversion. The second-to-last and third-to-last placement were each responsible for about 20 percent of the influence from the measured online media. Exhibit 8 illustrates the appropriate weighting for the three placements preceding an online conversion.



This insight implies that the client had been attributing at least 40 percent of the conversions to the wrong media and had been doing so across all online media campaigns. More importantly, the company is now in a position to act on this information by implementing a custom algorithm to optimize online media going forward.

We achieved a number of additional insights from analyzing the client's data this way. For example, Razorfish categorized all publishers into a standardized scheme. We then analyzed the relative strength (influence on consumer probability to convert) of each publisher type at each placement preceding the conversion. The results of this analysis can be seen in Exhibit 9.

The data tell a story about how the target audience is influenced by the client's media. The consumer begins on a niche site, where she consumes information about a subject matter that interests her. She views the advertisement but takes no action. Subsequently, she performs an unbranded search on the client's category of service offering. Later, she is on a broad-reach network site and reminded of the client's service, but takes no action. Finally, she conducts a search on the client's branded search term, clicks on the result, and converts.



Traditional methods of optimization would have given 100 percent of the credit to the branded search term, which would have led to some ill-informed decisions, like cutting back the spend on niche sites or unbranded search terms that don't appear to convert cost effectively.

However, when a media planner views the data as in Exhibit 9, he or she recognizes that niche sites, unbranded search, and network sites are required to feed the funnel for branded search. An optimization algorithm assigns credit accordingly and enables the marketer to optimize the media placements that truly create value.

Razorfish used this same methodology to learn how other aspects of media campaigns can be optimized across placements, including ad format, message, ad sizes, business seasonality, frequency, and more.

Note that no commercially available Web analytics tool or ad serving technology supports custom attribution modeling as described in *Actionable Analytics*. Razorfish has made the significant technology investment to support this functionality and enable additional innovation around the topic of media attribution.

### **Key takeaways**

- Long-standing industry standard rules for online media attribution over-allocate credit to the last impression viewed or clicked.
- Custom algorithms for assigning credit may help improve the efficiency of media buys and scale online media further.
- Media attribution analyses can inform a range of online mix decisions, including media, ad unit, and message.
- Marketers will likely need to partner with a specialist who has the technology platform and analytical expertise to implement a custom media attribution algorithm.
- More research on media attribution is required before drawing final conclusions about the best way to attribute sales to media.

# Web Site Analytics



Web analytics packages are useful tools to help monitor a Web site, guide site design and usability, and aid ongoing optimization decisions. But it is not enough to simply implement a Web analytics package and expect actionable results. Marketers must configure tools thoroughly. They must invest heavily in analytical experts who can extract actionable insights. Finally, marketers must understand that Web analytics packages are limited, particularly as holistic media measurement tools.

## Beyond a Web analytics package

### QUESTION 5

Now that I've settled on a Web analytics package, what must I do to create a successful Web analytics program?

### ANSWER

Successful application of Web analytics requires multiple resources working together to attain accurate and actionable marketing data: implementation, analysis, and action.

## Background

Web site analytics is important, especially to marketers who need their Web sites to conduct a high volume of transactions. The opportunity cost of generating poor or inaccurate information is enormous.

Think of your Web site as a retail outlet. You track the purchase of every SKU, every basket of goods, profitability of the sale, and the customer's purchase profile. Online marketers also do this, but they can actually do so much more. Imagine if you could track every single action that occurs in your retail outlet – not just the volume of traffic in a store, but how many people stood in the toothpaste aisle and felt overwhelmed by the dozens of different brands offered, examined three products, put two down in under 10 seconds, and purchased the most expensive shiny box they handled because it promised 10 times brighter teeth in a week. Web analytics make this level of analysis possible but only if you know how and where to look for it. Are your analysts digging into your Web site data this deeply? Are they producing insights that are merely interesting or those that clearly indicate action? If your analytics are not actionable, you are leaving revenue on the table.

## Approach

**Implementation.** The system must be correctly configured and customized to your organization's specific needs. You might assume that with the migration to application-hosted analytics systems, every installation would be configured properly, but that is not the case. If your installation has not been vetted for accuracy, in all likelihood the data you are looking at are wrong. Another element often overlooked with analytics systems is the maintenance required, including updated filters, development of new report templates, and the fine tuning required for site or marketing campaign updates.

**Data analysis.** After ensuring that your data are as accurate as possible, you need someone who can squeeze the right reports out of your system. Take Omniture as a system for instance. Omniture can provide hundreds of customized scenarios, standard reports and the ability to drill down to extremely granular levels of site performance data. An analyst has to understand both how to get the system to produce the data and how to present the data to executive, marketing, and IT resources so it is clear and can be acted on.

A highly skilled Web analytics analyst will understand the system and the intricacies of the site. Many organizations require a deep statistical background for someone in this role. But if the analyst does not understand how a Web site works and the basics of Internet networking, he or she will miss key subtleties that make or break a site's performance. A great analyst understands that Web analytics is both an art and a science.

**Acting on the data.** Many different roles in an organization can benefit from reviewing and understanding Web analytics data when it is presented at the appropriate level of detail required by each role. Typically, business managers or leaders will not have the expertise or time to extract the necessary insight from Web analytics tools. A dedicated team of analysts is best suited to understand a given business need and pull the information that can support a business decision.

## Key takeaways

- A properly configured Web analytics system combined with knowledgeable analysts and marketers provides insights into the performance of your Web site.
- Data analysis is both an art and a science.
- Many roles in an organization can benefit from understanding Web analytics, but it requires expert analysis to extract the information that is relevant to each role and actionable.

## Web analytics is not a solution for media measurement

### QUESTION 6

Do Web analytics tools provide holistic media measurement?

### ANSWER

No. These tools only attempt to measure a small slice of the overall media landscape and base their measurement on unreliable data.

### Background

The holy grail for many media planners is a single-page flowchart indicating reliable, unduplicated reach and frequency numbers against the target across all media channels. This ideal flow chart is unlikely to emerge until traditional media can be tracked digitally by a shared technology platform.

In the interim, Web analytics tool providers are moving to position their applications as holistic measurement tools capable of tracking and optimizing all accountable media, including organic and paid search, display media, e-mail, and direct mail. In fact, these tools fall short of meeting the needs of most advertisers and may result in ill-advised media mix and media optimization decisions.

### Approach

All four leading Web analytics tools share similar methodologies to enable media optimization. All rely on the referring URL as the basis for attributing online actions to a media stimulus. If a user clicks on an advertisement and then takes an action (typically makes a purchase) within a defined time window, the sale is attributed to the specific creative, publisher, and placement. A planner then makes optimization decisions based on that media attribution. There are a number of problems with this approach:

#### Issue 1

The referring URL—the basis of media attribution for Web analytics tools—is unreliable. The referring URL passed to the Web analytics tool may be affected by the Web browser, the ad unit, the publisher, the ad network, or host of other variables. The impact of this fundamental issue ranges from mis-attribution to duplicate counting of conversions.

#### Issue 2

Web analytics tools do not receive impression data, and marketers have no independent measure of media delivery, unique reach, or frequency on a Web site. This issue is particularly problematic to marketers who seek to build or reposition their brand as opposed to those who drive online commerce.

### Issue 3

Web analytics tools do little to measure all but the bottom-of-the-funnel transactions. They largely ignore measurement brand metrics or engagement metrics that are critical for driving consumers to an ultimate conversion. The consequence of such an approach is a loss of sales volume as the marketer optimizes away from media that build demand for the brand and product and focuses only on harvesting those consumers who are ready to buy.

### Issue 4

Web analytics tools are completely lacking in the art of media planning. Marketers who opt to rely on Web analytics tools as measurement and optimization technology do so at a very real cost. They forgo the lower media rates that are often secured by agencies with large media spending and leverage. Similarly, they are subject to inferior terms and conditions with publishers, resulting in less flexibility for optimization. Perhaps most importantly, they lack the publisher relationships and creativity that produce cutting edge media solutions that meet an advertiser's specific needs.

## Key takeaways

- Web analytics tools are useful for providing intelligence about a Web site or online business performance, but they are not holistic media measurement tools.
- Web analytics tools lack the essential media impression data required by brand marketers pursuing an integrated flowchart across digital and traditional media channels.
- Web analytics packages' reliance on the referring URL for media measurement is a fundamental flaw causing significant errors in media attribution and optimization.
- Media optimization should support the entire sales funnel, not just the ultimate conversion—something missed by leading Web analytics packages.

## Other limitations of Web analytics tools

### QUESTION 7

In addition to media measurement, are there other limitations to Web analytics tools to keep in mind?

### ANSWER

1. These tools may provide 100 canned reports but not the ones you need.
2. Web analytics tools aren't directly actionable through site or media personalization.
3. These tools only provide information once a consumer has reached the bottom of the purchase funnel.

## Background

Web analytics applications have several things in common: they all focus on the Web site as their primary source of data (and interactions); they all provide dozens, if not hundreds, of reports; and they all provide their reports through a Web-based product.

These products pose myriad challenges. From “I don’t want data for the sake of data” to “these reports are nice—if they were only actionable,” marketers consistently complain about their functionality. Their approach to Web measurement is not a magic bullet for increasing site ROI.

In many cases, a more custom approach to site measurement is a better solution. *Actionable Analytics* does not advocate that marketers abandon their current tools. Rather, they should recognize these tools for what they are: site measurement applications. How effective these applications can be depends upon how well marketers augment them to overcome their deficiencies.

## Approach

**Canned reports.** To provide a company that has unique marketing challenges with canned reports is like saying that all investors should use the same set of mutual funds. Every company is different, just as every investor’s situation is different. One size does not fit all. A custom approach to Web analytics determines what metrics, benchmarks, key performance indicators, and trends are right for a specific organization and builds those reports, graphs, and key performance indicators that are relevant and nothing more.

**Lack of action.** Web reporting is just that: reporting. It is almost always based on analysis of past performance and is usually not actionable. It’s nice to know that 20,000 new visitors to your site purchased something. But what if you could use that data to market to those individuals differently the next time you see them, either on your site or anywhere else on the Web. The limitation of the Web analytics tools is that they provide numbers but not the innate ability to act on those numbers. A custom approach leverages the data to create actionable behavior, value, and life cycle segments that can be used to drive targeting and personalization.

**Bottom of the funnel.** Site analytics tools tend to focus only on the part of the funnel where customers have already been acquired. This is a mistake commonly made by marketers. If you rely solely on these data for your optimization, you will invariably make decisions that reduce the number of customers entering your funnel—and in turn, reduce the number of overall conversions. A custom approach is to measure customer behaviors and interactions before they enter the site and then combine the two data sets to manage the customer experience during a site visit.

## Key takeaways

- The one-size-fits-all approach routinely leaves marketers with important tactical questions unanswered.
- Reporting should not be the end of the marketing cycle; rather the data available in the reports should be actionable.
- Limit your vision and you run into walls. An analytics tool should provide a wider view of your marketing efforts and their effectiveness.

## Rich internet applications tracking and reporting

### QUESTION 8

How can I deliver the highest-impact, brand-focused messaging, and how can I gauge the success of my efforts?

### ANSWER

Rich internet applications are the best vehicle to engage users online and build brand equity.

### Background

Rich internet applications (RIA) are a relatively new breed of Internet software that allow marketers to create engaging, innovative user experiences. Their functionality and capabilities are extremely difficult or impossible to create using traditional Web technologies. But a new generation of Web 2.0 tools has emerged that allow marketers to build sites that empower users to manipulate content in a more intuitive manner. These tools also lead to a better online experience and can help increase brand favorability. There are four main types of RIA capabilities: Flash-based; AJAX (a combination of JavaScript, HTML, and XML); Java Applets or ActiveX controls, as well as custom-developed applications that use Java or .NET. The primary technology used today is Flash-based because of its broad penetration, developer competencies, and development environment-based on a graphical user interface.

There are many uses for RIAs—from portals and microsites to peer-to-peer and mash-up solutions. The biggest opportunity for RIAs in the marketing space is around brand or product evangelism. This value can be extended across all digital channels—from a company Web site to a Web media buy. All Web real estate can provide a home for RIA penetration. From a pure development standpoint, RIA spending is expected to exceed \$500 million by 2011 (ZapThink, July 2006).

### Approach

Building an RIA that has impact is the most important component of any brand-focused site. However, marketers often overlook the opportunity to validate the impact through reporting solutions. Developing a compelling RIA is no small task. Companies often spend hundreds of thousands of dollars on development alone, and that's not counting the cost to drive user traffic to the RIA, the ongoing support and hosting cost, or any ties to the e-commerce site. Furthermore, there is a general feeling that RIAs are not measurable due to their dynamic and custom nature. Companies are literally spending millions of dollars with no accountability on performance.

An RIA tracking and reporting application should be a requirement that is factored into the project at the start. Regardless of the key metrics—be it brand awareness, video plays, game interactions, or simply number of visits and number of page views—the marketer must know if the cost justifies the result.

Furthermore, if the RIA performs poorly without a reporting solution in place, the marketer has no insight into optimization opportunities for site redesigns or future RIA development efforts. Marketers also need to know how current RIA solutions stack up against past RIA solutions and which visitors are visiting multiple RIAs. Without a measurement tool in place, there is no opportunity for apples-to-apples comparison across different initiatives.

Traditional Web analytics packages are typically product-focused. Their approach is one-size-fits-many. For a traditional HTML Web site, this method works well. The marketer implements the tags and an analyst looks at the available reports to determine the Web site's success based on basic site metrics such as unique and repeat users. This approach does leave room for improvement for marketers with specific business questions or for those who want to integrate with Web media or paid search.

Due to the unique nature of each RIA, the one-size-fits-all approach does not work. An appropriate tracking and reporting solution must have a flexible data capture methodology that allows any type of interaction to be captured and reported – whether you're talking about a video play, picture upload, or interactive game play. Once captured, these interactions must be presented in a manner that a marketer can digest and use to improve performance. Thus, marketers benefit by leveraging a solution that has a client service component built in.

The characteristics of a robust RIA reporting application include:

- Ease of implementation
- Speed to market
- Flexible and extensible design
- Customization for specific business questions
- Service-based vendors

A robust RIA also needs to mitigate failure risk by decreasing cost barriers found with traditional Web analytics providers.

In addition, different interactions may have different values or scores for building brand equity or product engagement. A robust reporting solution will allow you to score each interaction type to produce a brand index score. Another key element is the ability to create surveys using a test-and-control methodology to gauge whether the RIA increases attitudinal success metrics such as intent to purchase. Finally, for the marketer with multiple digital channel data (Web media, paid search, e-commerce, e-mail, etc.), the RIA reporting must tie directly with each channel in a holistic report view—a view that accounts for the interplay of users across all channels and the ability of each channel to drive the success for the overall campaign.

### **Key takeaways**

- RIAs represent a growing class of applications that are well-suited for the rich engagement of users in an attempt to build brand awareness and increase the perception of product value.
- Traditional Web analytics providers lack the customized, flexible approach that RIAs demand. Additionally, they lack the service component to answer questions regarding the complex nature of RIA tracking and reporting.
- A robust RIA tracking and reporting solution must be built with a high level of flexibility to allow all types of interactions to be tracked and reported.
- RIAs are often focused on building brand. The reporting solution must have metrics focused on this success measure.

## Web site usability, testing, and optimization

### QUESTION 9

What steps can I take *now* to improve my Web site performance?

### ANSWER

Reduce friction and barriers to conversion and develop an ongoing testing and optimization platform.

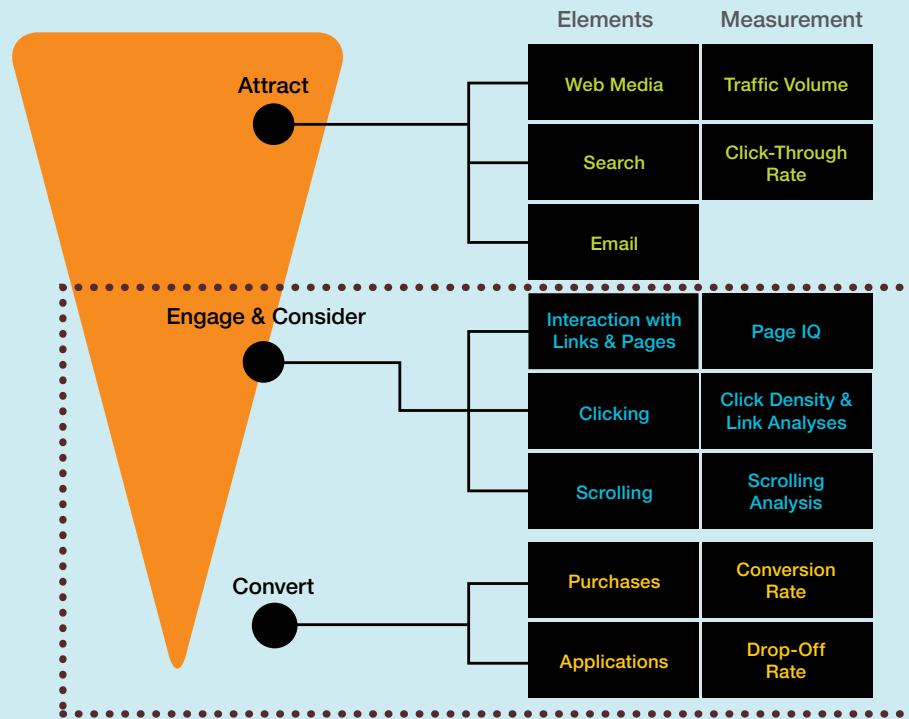
### Background

Many major Web site development projects span a year or more from initial planning to release. In the interim, marketers seek smaller changes that can be implemented quickly to provide a better customer experience and boost the site conversion rate.

Here are some approaches that work:

- 1. Reduce user friction and barriers to conversion.** Overall, the optimization of a Web site depends on a number of factors, including how well it meets customer needs, competitive positioning, and site usability. However, significant improvement can be achieved through improved usability and efficiency. When optimizing the performance of a site, focus on two or three primary user paths. For a commerce-based site, the focus could be on getting a user to buy, register, or research particular product categories.
- 2. Increase user engagement.** Once you identify key user paths, you should focus on the middle of the acquisition funnel, around engagement and consideration. For optimization, analysis of key processes must be able to determine:
  - Where within key pages are users dropping off?
  - In what areas of a page do people engage or abandon the site?

**EXHIBIT 10**  
Where Users Drop Off



The dotted box in the funnel in Exhibit 10 indicates a framework to measure how well key pages and processes are engaging and converting users. First, you must define elements of success and the associated measurements.

For example, measure the level of initial page engagement by page interactivity quotient (IQ). Page IQ measures the percentage of users who do something when reaching a page (for example, scrolling or clicking). Scrolling analysis measures the percentage of people that scroll on a page and where they drop off within the page.

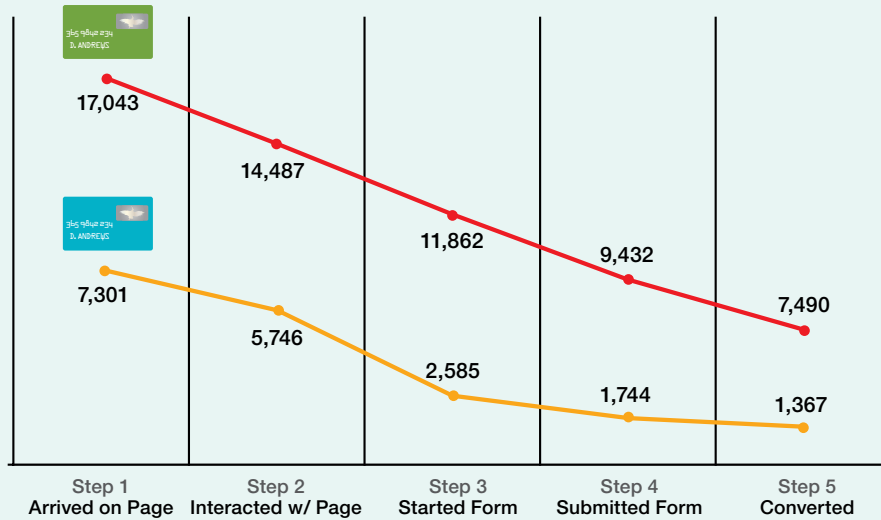
Once you identify where users are encountering friction (dropping off on a page), you can apply best practice usability and design techniques to modify the page. Once you make the changes, metrics should be recalculated to measure improvement. The following case study illustrates this practice.

***Case study: reducing user friction and drop-off***

An example of breaking down user engagement for a commerce company is illustrated in Exhibit 11. The analysis looks at where users drop off within a key page and compares it against drop-off benchmarks. Once the drop-off areas are identified, you can begin to remedy the situation by engaging usability and best practice design experts.

### EXHIBIT 11

*Users Don't Drop off Between Pages... They Drop off Within a Page...*



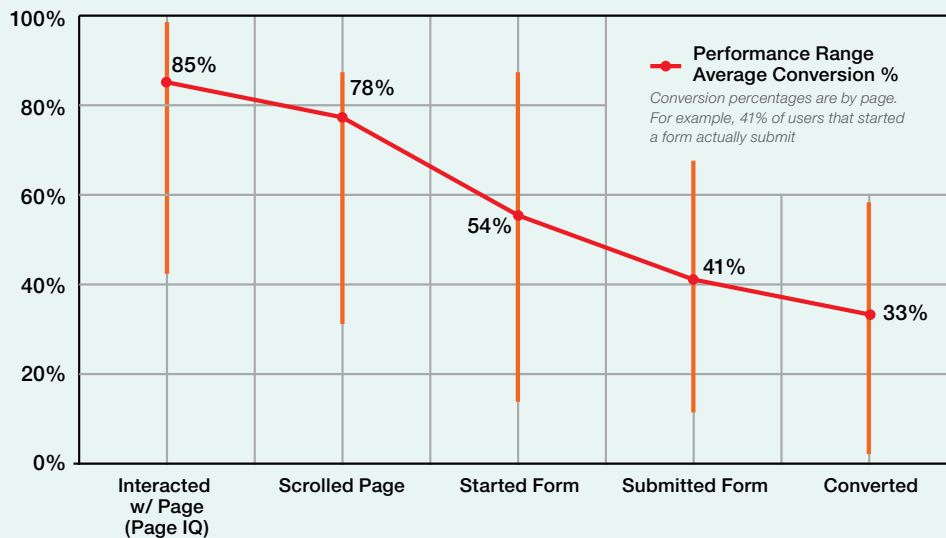
Note that the key drop-off point for this client is at the very end of the acquisition process. More than 20 percent of users encountered errors after submitting the application form.

Optimizing the acquisition page results in double-digit improvement in conversion.

Exhibit 12 shows the variation in page statistics for a particular company within the financial services industry. The vertical lines show the range in performance for an application page. Each of these pages performs differently, requiring different recommendations and changes. For companies with low page interactivity, particular focus is placed on 1) visitor quality, 2) visitor purpose, 3) and page content.

### EXHIBIT 12

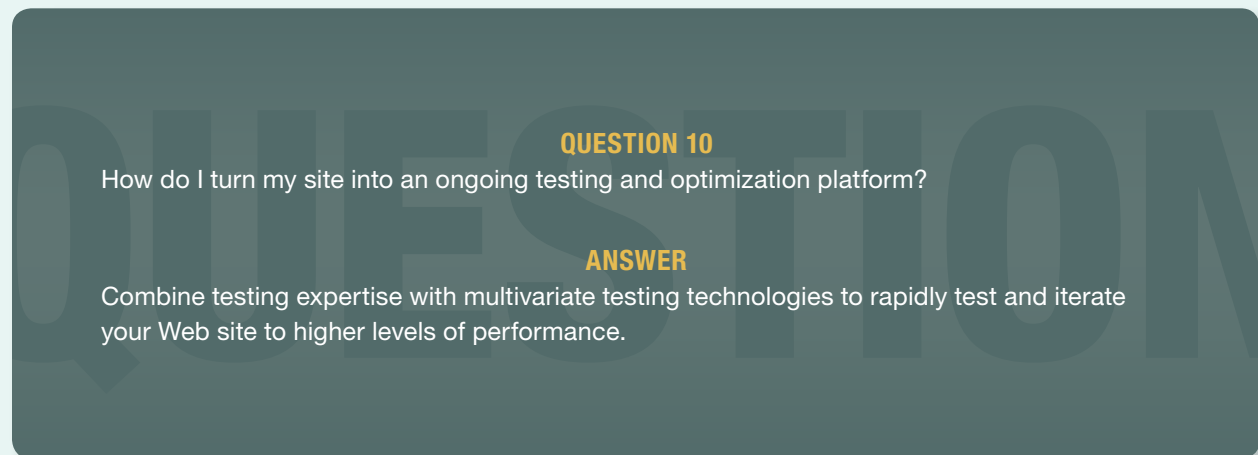
*Engagement & Conversion Metrics—Financial Services*



## Key takeaways

- You must understand user needs and expectations as part of an optimization process.
- Behavioral analysis is a great tool for removing friction in key user paths, but it doesn't fully address what might be missing in a user experience. (Tools such as focus groups and site-side surveys are effective.)
- You need to understand your performance relative to your industry and other industries.
- Once you have optimized the usability of the design, the second step or method for optimization is ongoing testing and optimization.

## A disciplined approach to multivariate testing



**QUESTION 10**

How do I turn my site into an ongoing testing and optimization platform?

**ANSWER**

Combine testing expertise with multivariate testing technologies to rapidly test and iterate your Web site to higher levels of performance.

## Background

While many companies are considering multivariate testing on their Web sites these days, most marketers don't know exactly what it is or whether it is even feasible to conduct on their sites. Multivariate testing is a methodology that allows companies to test multiple changes within a page of their Web site by serving up different versions of the page and elements within it. Some key questions to ask before trying multivariate testing are:

- Does the site have enough traffic to yield significant results?
- Do you know enough about the page to determine the most critical areas to test?
- Do you know how to set up a controlled test?

Testing helps you understand not only what the best performing page is but also the optimal combination of elements within the page.

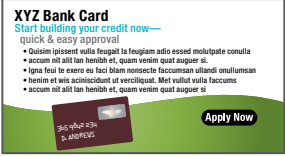

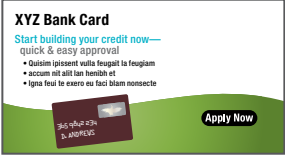
Multivariate testing requires three key steps:

- Determine what to test
- Execute
- Interpret results

The first and most critical step to this process is determining what to test. To identify the problem areas, use the process described in “Reducing user friction and drop off,” tracking the page to understand detailed user behavior and identifying areas of friction. After tracking the page, make changes that should be implemented immediately, and determine those that should be tested.

We recently employed this approach with a financial services client. In the initial phase, we identified three key areas to test, based on user behavior and best practice experience. (See Exhibit 13.)

**EXHIBIT 13**  
*XYZ Bank Test Matrix*

A Banner Text	B Process Communication	C Comparison Table
CONTROL	CONTROL	CONTROL
Bulleted Text 		Remove Some Rows (Online Bill Pay, Online Statement Rows)
Reduced Bulleted Text 	Remove Right Column	Remove Comparison Table

The areas for testing were the format of the copy in the top banner (which was popular but underperforming in terms of driving conversions), the comparison chart (which was confusing users with non-linked content), and the communication of the process for applying for a credit card (which was successful but very long and located primarily below the fold).

If we were using a full factorial methodology, the process would have necessitated 27 different test runs (or versions) of the Web site, causing the data collection period to last for months. By using a fractional factorial design methodology—a fancy name for a process that effectively streamlines testing—we limited the number of test runs to nine and predicted the performance of the remaining 18 runs, allowing for the most efficient test possible.

The successful page contained a shortened, bulleted list of benefits in the banner, the control comparison table, and the shortened communication of the process. (See Exhibit 14.) This combination yielded a double-digit lift in conversion rate over the control page. The factor with the biggest impact on the conversion rate was the communication of the process. The client has modified its landing page to include these changes.

EXHIBIT 14  
Best Test Design

**XYZ Bank**

Start building your credit now—  
quick and easy approval.

- Get your credit back on track with XYZ Bank
- A card that fits your financial situation, no matter what your credit ranking
- Pay fewer fees than you would with other cards

APPLY NOW!

**XYZ Bank Card is a clear choice**

	Bank Card	Other Cards
Interest Rate	16.15% APR	9.9%–19.92% APR
Processing Fee	\$0–\$49	\$29–\$149.99
Annual Fee	\$29–\$79 (depending on credit rating)	\$48–\$150
Monthly Participation Fees	\$0	\$6–\$8
Credit Limit Increase Fee	\$0	\$25
Credit Bureau Reporting	FREE monthly reporting to all 4 credit bureaus.	May report to only one credit bureau, and may report only once a quarter. May charge for reporting.

APPLY NOW!

**Why XYZ Bank?**

1. Easy approval.
2. Pay fewer, lower fees.
3. Competitive Annual Percentage Rate (APR).
4. FREE online statements and bill pay.
5. Progressively increase your credit limit—We regularly review your eligibility.
6. Create a strong credit history—We report monthly to all four major credit bureaus.
7. Step up to an unsecured credit card in just 12 months.

It's easy, and it takes just a few minutes.

Apply Online today and receive your card in 3-10 days\*

APPLY NOW!

\* Standard delivery is 10 business days. Rush delivery is 3 days and requires a special fee.

**Legal**  
The XYZ Bank Card is issued by XYZ Bank Nevada, N.A. and is serviced by XYZ Bank Services, Inc. and/or XYZ Bank Services (II), Inc.

**Privacy/Security**  
XYZ Bank is committed to safeguarding your privacy online. If you would like more details, please visit Bank's [Privacy and Security Information](#) at bank.com. XYZ Bank Correspondence, 14 Schilling Place, Salinas CA 93912 Copyright © 2005 Card Services, Inc.

**Key takeaways**

- As commonly seen in multivariate testing, the factor that we assumed would have the biggest impact often did not.
- An effective test requires creativity, usability best practices, and data.
- Clients who use self-service multivariate testing tools many times get caught in the trap of testing for the sake of testing, without evidence behind the test design, which can lead to a suboptimal page and suboptimal performance.
- Multivariate testing isn't for every Web site. If your site has low traffic volumes or inability to improve conversion rate, you should consider another methodology, such as A/B testing.

## Dashboards for a holistic view

### QUESTION 11

How can I get a holistic view of my complex multi-channel and multi-country marketing campaigns?

### ANSWER

Dashboards that combine disparate data from different channels, campaigns, and agencies have emerged as critical to marketing success.

### Background

In a complex, multi-channel world, executives are increasingly being presented with fragmented reporting leading to decisions made in a silo. Wasted time, energy, and dollars are the result. Marketers need up-to-date answers to questions like:

- How can I get an at-a-glance view of my holistic marketing efforts when I have six different agencies for six different channels?
- Where appropriate, how can I get a deeper analysis of specific campaigns regardless of channel?
- In a global economy, how can I visualize the impact of marketing efforts in different regions, countries, and continents?
- Which channels are performing above or below benchmarks?

The promise of the executive dashboard is to bring all this disparate data together in a common platform. But there are significant challenges.

**Disparate data.** Most large organizations are leveraging multiple agencies across multiple channels to accomplish their marketing goals. Results from campaigns run online, on television, in print, radio, etc., are usually collected in different sources and are rarely, if ever, checked against one another for duplication. Marketers are forced to log in to multiple sources to get their aggregate measurements and then must attempt to compile these data into a usable format.

**Disparate agencies.** The number of vendor relationships marketers may have can further complicate the issue. Getting different agencies to share data with one another can be difficult. In addition, companies must manage relationships with non-agency vendors, such as Nielsen.

**Customization.** One-size-fits-all products fail to take into account the unique nature of each organization. Trends, analysis, and key performance indicators valuable to one may be entirely irrelevant to another company. Successful implementations are based on deep analysis of the metrics and measurements that drive the customer's business.

## Approach

Our approach is to understand clients' current capabilities, agency relationships, marketing goals, and data architecture to recommend a solution that matches their specific challenges. Some of the factors to consider are:

**Existing Web analytics provider.** The top Web analytics providers all have dashboards. They provide the ability to customize reports by user, a graphical Web interface, and deep dive analysis features. Many of our clients already have such a tool in place. These tools usually lack the ability to easily display other data sources. Neither do they typically offer the service layer necessary to make the data meaningful to a specific audience. Furthermore, they do not typically focus on managing relationships with other agencies and vendors.

**Hosted dashboard providers.** A growing segment of companies specifically provide marketing dashboards, tailored to customer needs. They will provide vendor management and data consolidation within a Web-based interface. Their challenge is a lack of access to the raw data. They are essentially data aggregators, further exacerbating the duplication of data and results.

**Custom solutions.** For companies that have a deep relationship with a partner steeped in marketing analytics and Web development combined with a service component, a custom solution may be the right fit. This approach allows for the design and implementation of custom dashboards built on the analysis of what's important. Additionally, these partners usually have access to the raw data, eliminating duplication of results.

This approach offers the greatest flexibility for our clients. For clients that are using Razorfish's Web media and search capabilities, the resulting trends and key performance indicators (KPI's) can easily be tailored to match a marketer's at-a-glance vision. Additional data such as Nielsen television data and comScore can be overlaid to show the impact of other channels on response. Other agency data can similarly be applied.

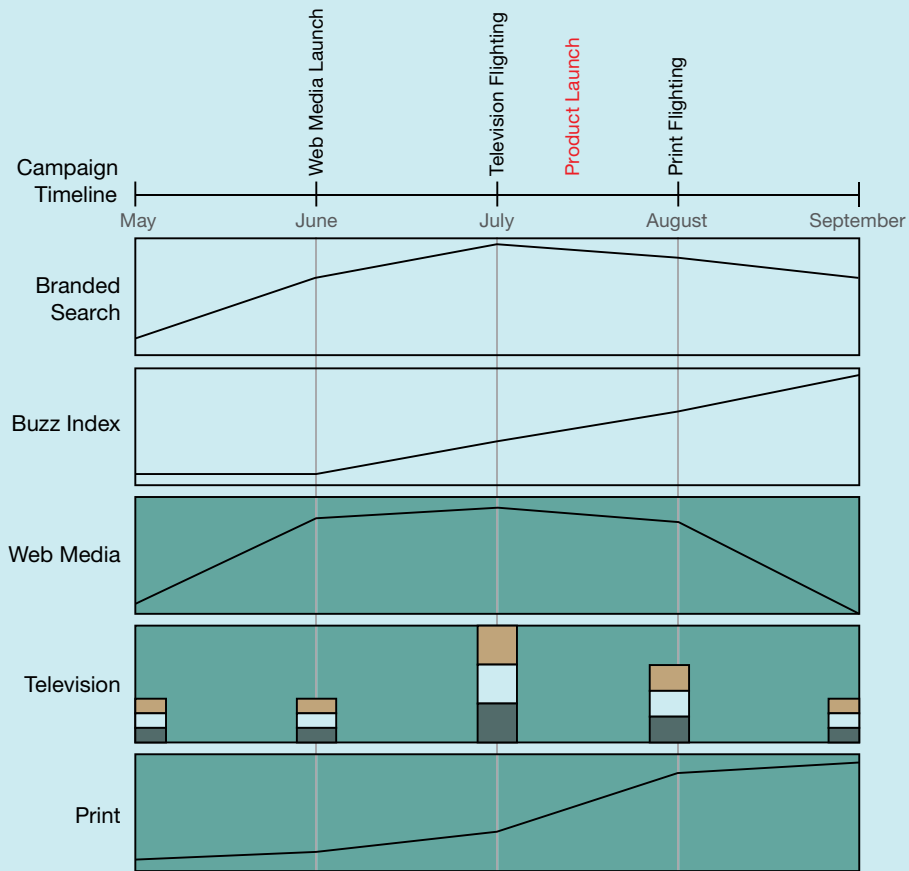
Custom dashboards like those in Exhibit 15 and 16 can provide a holistic view of how traditional and online media may be influencing unconventional brand metrics such as branded searches or online buzz.

EXHIBIT 15  
*Typical Dashboard*



## EXHIBIT 16

### Impact on Branded Keyword Searches and Buzz by Channel



#### Key takeaways

- A custom approach to dashboard design ensures relevancy to the client.
- Dashboards should not provide data for data sake; they should focus on answers to high level business questions (trending, KPI's, etc.).
- Incorporating additional (non-digital) channels into a dashboard can provide a holistic view of marketing efforts and can be leveraged to show impact on brand-related buzz.

# Customer Relationship Management



The Internet serves several roles within the marketing organization. It is at once an advertising medium, a sales and distribution channel, and a customer relationship management (e-CRM) tool. The Internet is not the CRM solution by any stretch. e-CRM could fairly be described as a broad group of processes, technologies, and resources aimed at deepening an individual's affinity with a company or brand. However, the Web site, digital media, and the underlying platform can add value to a company's overall CRM efforts. This section of the paper provides some direction for marketers using the online environment to enrich relationships with their customers.

## Creating a seamless customer experience

### QUESTION 12

Is it possible to create a seamless customer experience across all digital contact points?

### ANSWER

Yes. When used correctly, existing third-party ad-serving technologies can deliver a consistent and personalized experience across the Web site, display media, and e-mail.

## Background

The promise of the internet since its inception has been one-to-one personalized marketing across all online contact points. However, early promises far exceeded the reality, and multi-million-dollar implementations failed to deliver a positive ROI. Now, marketers are experimenting once again but this time with low-cost personalization technologies that reduce the barriers to trial. They are also adopting techniques from the direct marketing world that make cross-channel personalization plans more effective.

## Approach

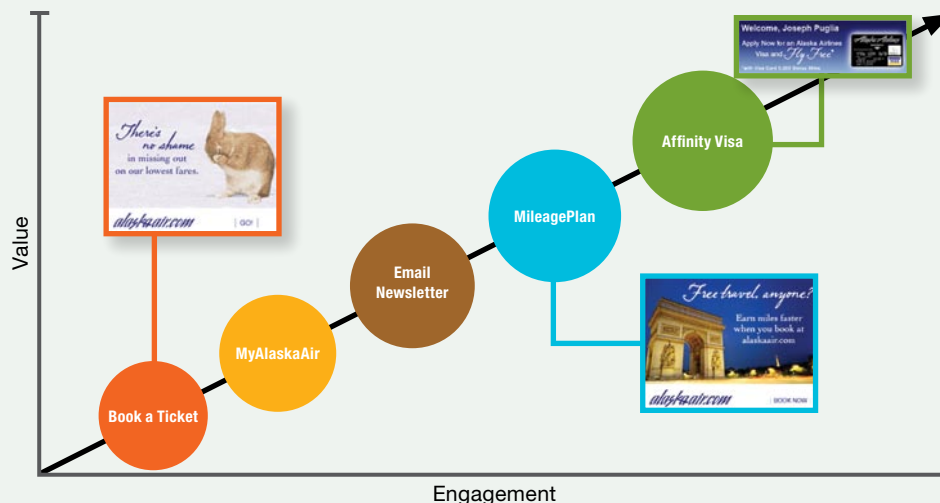
Our approach to delivering an integrated, cross-media personalization program is to find a means of minimizing cost and complexity without sacrificing enhanced functionality. For marketers requiring the most advanced site personalization capabilities, we have recommended and completed dozens of ATG and Interwoven implementations.

For marketers whose goal is cross-media integration and who want to prove the ROI prior to making large capital investments, Razorfish has also implemented solutions based on the Atlas Digital Marketing Suite. The primary benefit of this solution is that it provides a single technology platform that can deliver personalized content to any digital media: display media, Web site, or e-mail. The key benefit of a single platform is that it enables the marketer to have a holistic view of the consumer across all digital contact points, tied together by an anonymous customer identifier. With a 360-degree view of the consumer, a marketer is then able to plan, execute, and report on the totality of digital media contacts. Without a common underlying technology, a program is likely to stall due to process integration, data integration, and measurement issues.

Alaska Airlines is a perfect example of an integrated approach. The airline first developed a framework that could support messaging and a testing plan across digital media. This framework is composed of a series of customer states, ever increasing in loyalty and value to the company. These states start with booking a ticket online and escalate to membership in the Alaska Airlines Board Room (airport lounge). See Exhibit 17. The beauty of the framework is that it is:

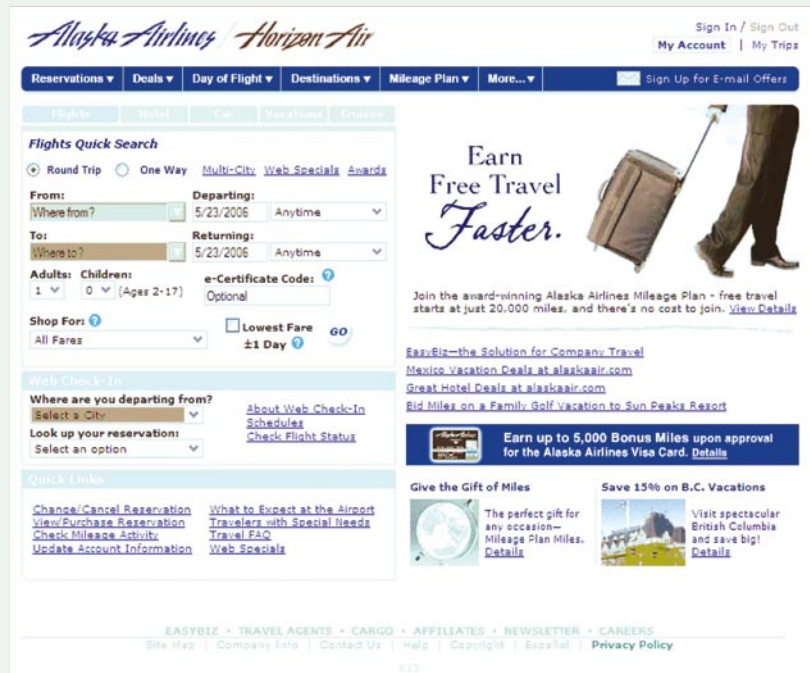
- Simple.
- Behavior-based and therefore highly actionable.
- Discrete and complete. All customers are covered by the framework and can objectively be assigned to a segment.

EXHIBIT 17



An integrated suite of offers and creative was developed around this framework, each aimed at taking consumers from one level of the framework up to the next. We deployed the creative using the Atlas Media Suite across display media (see Exhibit 18) as well as the Alaska Airlines homepage. The airline is currently evaluating dynamic content insertion into its e-mail newsletter through the same personalization platform.

## EXHIBIT 18



Alaska Airlines's cross-channel personalization program has delivered value to consumers and the company. The program achieved in excess of 20 percent lift in site conversion rates in terms of orders and other conversions tied to the segmentation plan.

The efficiency gains have driven results straight to the bottom line but also allow the company to further scale its advertising efforts across search, display media, sponsorships, and so forth, because it is more efficient at driving revenue from every site visit.

### Key takeaways

- Effective and low cost cross-channel personalization solutions have emerged in the marketplace under more feature-rich enterprise solutions.
- Simple segmentation plans and trigger programs can deliver results.
- Media-offer testing and site-side offer testing can be managed in concert.
- These solutions require a layer of strategy and service to execute them effectively.

## Extending segmentation and personalization to e-mail and direct mail

### QUESTION 13

Can I extend an online segmentation and personalization plan into e-mail or even direct mail?

### ANSWER

Yes. All media channels can work in concert to achieve a desired response from the consumer.

### Background

A multi-channel retailer in the home products category had made the strategic decision to invest heavily in customer development and retention. The company had amassed a large customer file over time, and marketed to the customer base with catalogue, direct mail, and e-mail pieces. In 2006, the company conducted an experiment to determine if Web site behavioral data could be used to create lift within its e-mail campaigns.

### Approach

An e-mail program was designed around a simple segmentation plan defined by Web site visitation behavior. Web site registrants entered their e-mail address and were assigned a customer ID number, enabling the retailer to associate Web site sessions with their customer file.

The segments were:

- Viewers—those that browsed products in the past 48 hours.
- Abandoners—those that initiated but did not complete the purchase process in the past 48 hours.
- Purchasers—those that had completed a purchase in the past 48 hours.

The advertiser then executed a series of seven e-mail campaigns against these segments, each testing a number of offers and creative treatments built to support the retailer's product lines.

The e-mail program, built around Web site behavioral data, generated higher open rates, click-through rates, and online revenue per e-mail sent compared to the average e-mail campaign. Most striking is that the revenue per e-mail sent was five to 40 times higher compared to non-Web-site-segment mailings.

## Key takeaways

- Customer data from Web sites can readily be associated with a database and all direct, catalogue, and e-mail media data. (The privacy policy must disclose that data is captured and used for marketing purposes.)
- Even the most basic Web site behavioral segments can generate significant lift to e-mail campaigns, driving incremental sales and margin.
- The same methodology can be extended into the direct mail campaigns or catalogue mailings. (Imagine catalogue creative tests driven by Web site visitation behavior.)

## Plugging online media into an e-CRM solution

### QUESTION 14

I've invested millions of dollars in my enterprise-wide e-CRM solution. Can you plug in the online media component?

### ANSWER

Yes. It is an increasingly common request to provide data management and data pass-back services to support large e-CRM programs.

## Background

Many leading marketers, particularly within the retail, financial services, and pharmaceuticals industries have invested heavily in e-CRM technologies and databases. Customers in their databases may be exceedingly valuable and stand to be customers for many years. Not surprisingly, these marketers are incredibly sophisticated with respect to modeling advertising stimulus and response as well as the overall customer contact strategy. e-CRM is typically considered a core competency and is staffed with dozens of strategists, statisticians, and direct marketers.

## Approach

This category of marketers requires highly accurate media and Web site data, rolled up to the customer level and provided on a frequent basis. With this data in hand, the marketer appends other media and offline transaction data using the same customer identifier.

The value of using an agency on this front is managing the metadata, which boils down to administering common naming and classifications for the creative, media placement, and site-side action so that the data generated by the system accurately represents consumers' online behavior and media consumption.

Interactive agencies with strong analytics capabilities can help manage and prepare the billions of rows of media data for an enterprise e-CRM system.

### **Key takeaways**

1. Sophisticated direct marketers are incorporating online media data into overall e-CRM and media mix analyses.
2. The complexity of the online environment will produce inaccurate media and Web site data unless it is rigorously managed.
3. Interactive advertising agencies that specialize in online media campaign set-up, analysis, and optimization may be useful in preparing online data for e-CRM integration.

## Conclusion



With the emergence of the Internet, analytics has taken on a strategic role in enterprises. Analytics tells companies how consumers relate to their brands. Depending upon how wisely it is used, analytics can create or consume vast sums of money. Analytics can even separate the leaders from the also-rans within entire industries. Analytics can enrich relationships with consumers in ways that have never before been possible.

But analytics is a complex field that is evolving. New data, technologies, and expertise are constantly emerging. *Actionable Analytics* offers a glimpse into our best thinking on how to use data to answer critical business and marketing questions. Through the case studies, we have provided tangible examples of how data can be leveraged for insight and can be transformed into superior media and marketing experiences. Ultimately, these experiences create lasting value for the consumer and generate incremental growth and margin for the business.

Building and maintaining a world-class analytics capability requires continuing financial and resource commitment from the business. We encourage our clients to invest heavily in their in-house analytics, in addition to developing a deep partnership with analytics experts. By accessing the best thinking both internally and externally, companies can create lasting competitive advantage and a leadership position that is difficult for competitors to match.

# Appendix: Razorfish Philosophy

Razorfish helps clients build lasting and profitable relationships with consumers by creating useful experiences across the digital landscape. The Internet represents both a tremendous challenge and the potential to build lasting competitive advantage to marketers who create relevant and persuasive experiences for consumers at every online interaction.

We don't believe that this goal is uniquely ours. Nor is it something that can be realized through a single big idea. Rather this vision is an ongoing pursuit, powered by technology, analytics, creative thinking, and a relentless focus on the consumer.

*Actionable Analytics* emphasizes how analytics, in particular, has contributed to our clients' success at using digital interactions to better service their customers. At Razorfish, our philosophy towards analytics shapes how we approach virtually every client assignment.

- We believe the answers to critical marketing questions can be found in data.
- We are open to data from any source and will seek to extract information and value from it.
- We seek the very best technologies to support our analytics and act on the insights.
- We recognize the limitations of technologies alone and value the specialized skills required to extract value from technology.
- We believe that any research or analysis must be designed with a use in mind.
- We believe that the best analysis combines rigorous statistical or research technique with a strong command of marketing strategy.
- We believe that marketers who embrace analytics as an ongoing process will make superior marketing decisions and generate a sustainable, competitive advantage.

Central to our philosophy at Razorfish is our core belief that we can dramatically improve our clients' advertising and marketing programs through intelligent use of data, analytics, and insights. Accordingly, we have consistently invested in our analytics capability in the form of statisticians, data-driven marketers, and analytic technologies. Our aim is to provide analytics services that help you turn data into actions that drive bottom-line business results.



## About Razorfish

Razorfish Webmarketing solutions are entrenched in deep technology, rigorous analytics and a rich understanding of customer needs, including award-winning web media and creative, search marketing services, email marketing/eCRM, and world-class creative, design and implementation of customer websites, intranets and extranets. Razorfish operates three U.S. regions—East, West and Central—with offices located in major U.S. markets, the United Kingdom, Australia, Germany, China and headquarters in Seattle. Clients include Best Buy, Disney, Kraft, Microsoft and Starwood Hotels & Resorts.

Razorfish recognizes the importance of internet privacy.  
Go to <http://www.razorfish.com/company/> and click “privacy policy” for details.

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