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# Measurement, Analytics and Optimization

Market overview (April 2010)

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# 1. About Econsultancy

Econsultancy is a [digital publishing and training group](#) that is used by more than 200,000 internet professionals every month.

The company publishes [practical and time-saving research](#) to help marketers make better decisions about the digital environment, build business cases, find the best suppliers, look smart in meetings and accelerate their careers.

Econsultancy has offices in New York and London, and hosts more than [100 events](#) every year in the US and UK. Many of the world's most famous brands use Econsultancy to [educate and train](#) their staff.

Some of Econsultancy's members include: Google, Yahoo, Dell, BBC, BT, Shell, Vodafone, Virgin Atlantic, Barclays, Deloitte, T-Mobile and Estée Lauder.

[Join Econsultancy](#) today to learn what's happening in digital marketing – and what works.

Call us to find out more on +44 (0)20 7269 1450 (London) or +1 212 699 3626 (New York). You can also [contact us online](#).

## Further reading

### Web Analytics Statistics

<http://econsultancy.com/reports/web-analytics-statistics>

### Econsultancy/Lynchpin Online Measurement and Strategy Report

<http://econsultancy.com/reports/online-measurement-and-strategy-report>

### Econsultancy/RedEye Conversion Report

<http://econsultancy.com/reports/conversion-report>

### Web Analytics Business Case

<http://econsultancy.com/reports/web-analytics-business-case>

### Web Analytics Buyer's Guide

<http://econsultancy.com/reports/web-analytics-buyers-guide>

### Web Analytics Request for Proposal (RFP)

<http://econsultancy.com/reports/web-analytics-request-for-proposal-rfp>

### Web Analytics: A Beginner's Guide

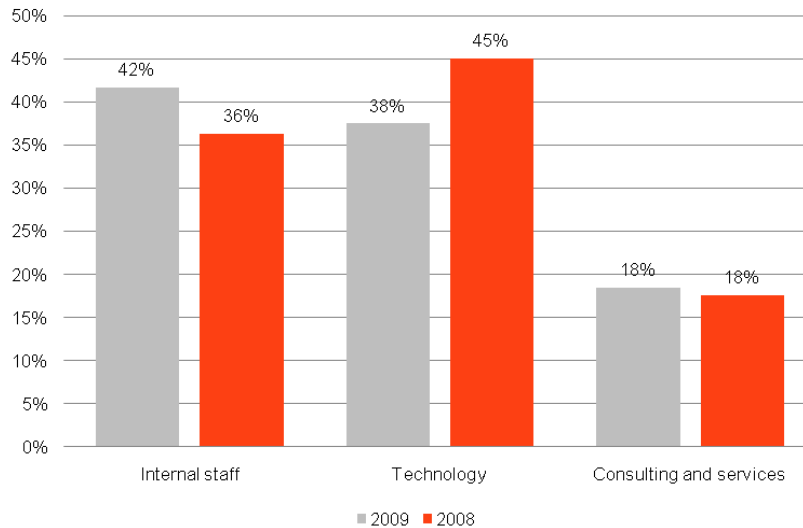
<http://econsultancy.com/reports/web-analytics-a-beginner-s-guide>



## 2. Market valuation and growth

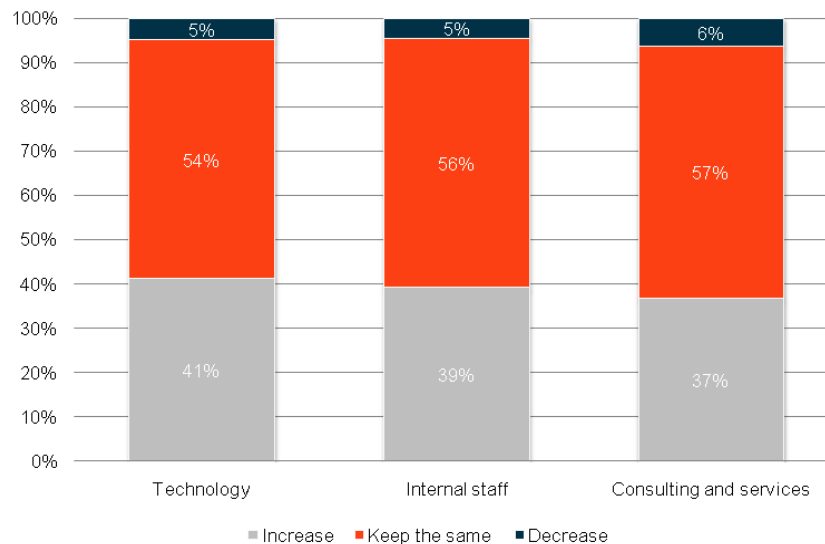
- The UK market for web analytics grew by an estimated 9% in 2009 to a value of £85 million. [Source: [Econsultancy Web Analytics Buyer's Guide 2010](#)]
- In 2009, the proportion of spending on internal staff increased from 36% to 42% of total web analytics spend while spending on technology decreased from 45% to 38%. [Source: [Econsultancy/Lynchpin Online Measurement and Strategy Report 2009](#)]

How is your web analytics expenditure split between the following areas?



*Econsultancy/Lynchpin Online Measurement and Strategy Report 2009*

Over the next 12 months, are you planning to increase your web analytics budget in the following areas?



*Econsultancy/Lynchpin Online Measurement and Strategy Report 2009*

- According to Forrester<sup>1</sup>, US businesses spent \$431 million on **web analytics software** during 2009 and this will likely increase to \$953 million by 2014, with an average compound annual growth rate of 17%.

<sup>1</sup> <http://www.forrester.com/Research/Document/Excerpt/0.7211.53629.00.html>



### 3. Market trends

- More organisations are beginning to realise the importance of investing in good analytics packages and related training. More companies are creating **specific analytical roles** within the company structure. However, the problem for many companies is a **lack of resource**, which prevents them from analysing data and affording the visibility needed to drive informed decision making.
  - It has also been highlighted by client-side companies that there are often delays in purchasing analytics due to high costs, difficulty of implementation and problems surrounding senior management buy-in.
- Many marketing departments are increasingly displaying a **deeper understanding** of analytics and are consequently attempting to get better value from their current analytical packages, rather than changing supplier. This is being done through a combination of **installing extra add-ons and applications**.
  - Users of analytics need to take a **tactical and strategic approach**: rather than simply relying on endless reams of data, marketers need to employ a multichannel approach, by using quantitative and qualitative insight to gain a complete picture of the customer lifecycle.
  - Integration of different types of information will enable analytics to come to the forefront, as companies recognise that managing the process is not the sole responsibility of online marketing or IT departments.
- There is more focus on **efficiently allocating resources**, along with understanding results for maximum optimization.
  - The relationship between analytics and other areas of digital marketing is also being increasingly explored, with an especially large focus on **website optimization techniques**.
  - Consequently, shifts in online business objectives are becoming apparent, from increasing traffic to optimizing on-site conversions and sales.

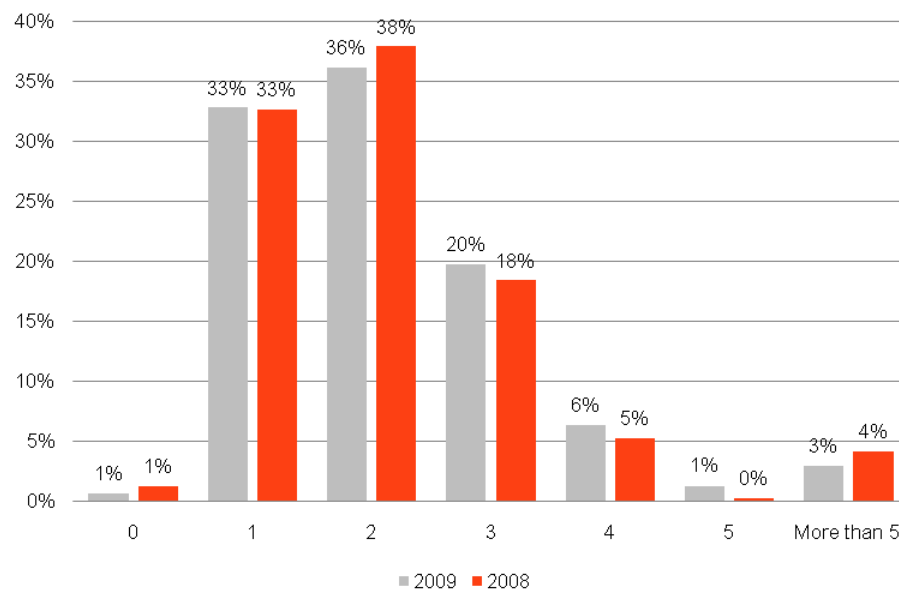
Marketing teams are recognising that success in **improving conversion rates** is about establishing the right processes, for example systematic testing and segmentation.
- A growing analytical trend is the **importance of understanding** the extent to which different marketing channels and activities are **influencing and directly driving conversions**.
  - Marketers are using analytical tools to combine data from different channels, so they can build customer insight, predict user behaviour and respond by implementing appropriate changes.
  - The value of the “*last-click-wins*” model has deteriorated in the eyes of many marketers, as it can mask what is really happening on the customer path to purchase.
  - Companies are increasingly using **attribution modelling** to help understand the best blend of media in a bid to improve conversion rates.
  - Interest in **multivariate testing** has grown, and web analytics companies have sought to incorporate an offering within their overall proposition.
  - There is more recognition that **optimizing at each stage of the customer funnel** is crucial for increasing likelihood of purchase.

- Many companies are wrestling with exactly how they should measure the effectiveness of **social media marketing**, and what is being said about their brand. It is crucial for companies to set appropriate objectives and then to measure.
- The provision of free technology software, such as Google Analytics, is a major trend within the industry, especially for commercial suppliers of analytical solutions. Consequently, analytics companies are **diversifying and broadening** their service offering, which is ultimately beneficial to their customers.
- As **mobile web usage** continues to climb, tracking and measurement become even more important. However, mobile measurement brings a whole host of new challenges to marketers, as traditional web analytics solutions cannot be easily applied to the mobile web.
  - Mobile analytics need to be **incorporated** into an overall measurement strategy, and **integrated** into traditional web analytics solutions, to avoid forming the silos that have hampered marketers in the past.

## 4. Statistics and data

- 74% of companies integrate their e-mail marketing and web analytics, with 21% of companies saying they do this well. [Source: [Econsultancy/RedEye Conversion Report](#), October 2009]
- 66% of companies integrate user testing and web analytics, with 53% of companies saying they need to improve in that area. [Source: [Conversion Report](#), October 2009]
- 74% of companies perform funnel analysis on their websites. Of those companies, 74% say they need to improve in that area. [Source: [Conversion Report](#), October 2009]
- 82% of companies review web analytics data when measuring the effectiveness of changes made to their website. [Source: [Conversion Report](#), October 2009]
- [Across a range of technologies and platforms] web analytics play the biggest role in improving conversion rates, with 80% of respondents saying that this has a positive impact on conversion rates. [Source: [Conversion Report](#), October 2009]
- Companies that use web analytics can increase online conversion rates from 2% to 7%. [Source: [Aberdeen Group via InternetRetailing](#), October 2009]
- Just over two thirds of companies (69%) have access to one or two analytics tools. [Source: [Econsultancy / Lynchpin Online Measurement and Strategy Report 2009](#)]

How many different web analytics tools do you have access to within your organisation?



- Almost two thirds (63%) of respondents say that they experience conflicting information from different sources of online measurement data. [Source: [Online Measurement and Strategy Report 2009](#)]
- Only 15% of organizations have used just one web analytics tool in the past five years. A fifth of companies have used at least four tools over that period. [Source: [Online Measurement and Strategy Report 2009](#)]
- 80% of companies said that they were using Google for analytics in 2009, compared to 66% in 2008. [Source: [Online Measurement and Strategy Report 2009](#)]
- 29% of companies using Google Analytics exclusively are unsure if their installation of Google Analytics is properly configured. Of those that don't use Google Analytics exclusively, only 61% of companies think their installation is correctly configured. [Source: [Online Measurement and Strategy Report 2009](#)]

# 5. Resources

## 5.1. Econsultancy reports

### **Web Analytics Statistics**

<http://econsultancy.com/reports/web-analytics-statistics>

### **Econsultancy/RedEye Conversion Report**

<http://econsultancy.com/reports/conversion-report>

### **Econsultancy/Lynchpin Online Measurement and Strategy Report**

<http://econsultancy.com/reports/online-measurement-and-strategy-report>

*NOTE: The new version of this report is due to be published in June 2010*

### **Web Analytics Business Case**

<http://econsultancy.com/reports/web-analytics-business-case>

### **Web Analytics Buyer's Guide**

<http://econsultancy.com/reports/web-analytics-buyers-guide>

### **Web Analytics Request for Proposal (RFP)**

<http://econsultancy.com/reports/web-analytics-request-for-proposal-rfp>

### **Web Analytics: A Beginner's Guide**

<http://econsultancy.com/reports/web-analytics-a-beginner-s-guide>

## 5.2. Econsultancy blog posts

### **Google focuses in on the funnel**

<http://econsultancy.com/blog/5659-google-focuses-in-on-the-funnel>

### **Trends and challenges in Web Analytics in 2010**

<http://econsultancy.com/blog/5533-trends-and-challenges-in-web-analytics-in-2010>

### **How to get your web analytics implementation right**

<http://econsultancy.com/blog/5220-how-to-get-your-web-analytics-implementation-right>

### **Five tips for investing in web analytics in 2010**

<http://econsultancy.com/blog/5201-five-tips-for-investing-in-web-analytics-in-2010>

### **Attribution modelling: the value of a view**

<http://econsultancy.com/blog/5145-attribution-modelling-the-value-of-a-view>

### **Will opt-out threaten Google Analytics?**

<http://econsultancy.com/blog/5622-will-opt-out-threaten-google-analytics>

### **My first US Econsultancy Roundtable - measurement & metrics**

<http://econsultancy.com/blog/5335-my-first-us-econsultancy-roundtable-measurement-metrics>



## 5.3. Other related resources

**kaushik.net (Avinash Kaushik's blog)**

<http://www.kaushik.net/avinash/>

**FutureNow (Bryan Eisenberg's blog)**

<http://www.grokdotcom.com/>

**eMetrics (Jim Sterne's blog)**

<http://emetrics.wordpress.com/>

**Official Google Analytics blog**

<http://analytics.blogspot.com/>