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Online Measurement and Strategy Report 2011

in association with Lynchpin

Online Measurement and Strategy Report 2011

LYNCHPIN

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1.   About Econsultancy

Econsultancy is a digital publishing and training group 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 +1 212 699 3626 (New York) or +44 (0)20 7269 1450 (London). You can also contact us online.

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LYNCHPIN

2. About Lynchpin (research sponsor)

Lynchpin is an independent web analytics consultancy. Since 2005, we've been unlocking the power of data to help our clients meet their online objectives.

Lynchpin matches commercial experience with technical expertise at every stage of the analytics journey. We're equally at home providing a complete outsourced analytics function as supporting experienced in-house analyst teams.

We forge genuine partnerships with our clients. Lynchpin works with Turner Broadcasting, HSBC, Experian Interactive, Cadbury, Lloyds Banking Group, 3i and Apex Hotels amongst others.

Our Services:

Planning: Consultancy

We plan web analytics strategies with the right metrics, processes and technologies. Then we empower teams to make insight core to their ongoing success

Measuring: Technology

We get the most out of web analytics technology. Vendor neutral, flexible and capable - we find or build the right tools for the job.

Discovering: Analytics

We deliver results that matter: actionable insight, continuous performance improvement, the right information to the right people at the right time.

Please visit our website www.lynchpin.com to find out more, or contact us on 0845 838 1136.

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3. Executive Summary and Highlights

This is the fourth annual **Online Measurement and Strategy Report** published by Econsultancy in association with Lynchpin.

The research is based on a survey of more than 800 companies (including both 'client-side' organisations and agencies) which was carried out in March and April 2011.

Key findings:

- **Companies continue to wrestle with a joined-up approach to data collection and analysis, which incorporates web data into broader business strategy. Only a minority of companies have common KPIs (key performance indicators) for online and offline data.**

  - Disappointingly, fewer companies than last year say they have a *company-wide strategy in place that ties data collection and analysis to business objectives* (22% compared to 25% last year). Only 28% of respondents say that web analytics definitely drive *actionable recommendations that make a difference to their organisation*, down from 31% last year.

- **Reliance on Google Analytics (GA) continues to grow, but many companies still prefer to use their other analytics vendor for a range of reporting requirements.**

  - The proportion of companies using Google exclusively for web analytics now stands at 44%, up from 38% in 2010 and only 23% in 2009.

- **Companies plan to bolster their resourcing of data analysis for both in-house staff and outsourced analysts. Companies are more likely than last year to be increasing budgets for consulting and other third-party services relating to web analytics.**

  - 42% of companies are planning to increase the number of employees dedicated to data analysis over the next 12 months, while a third (31%) are planning for more outsourced analysis.

- **The number of companies interested in measuring their online reputation and social media activity continues to grow.**

  - The proportion of companies who say they analyse *reputation, buzz and social media metrics* has significantly increased.

- **Financial and resourcing constraints still present the biggest problems, along with a lack of co-ordination and absence of strategy.**

  - The biggest barrier preventing companies from having an effective online measurement strategy is still *lack of budget and resources*, though significantly fewer companies than last year cite this as one of the three most significant issues (48% compared to 57%).

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Multivariate Testing Buyer's Guide

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Web Measurement and Analytics Training:

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4. Introduction

4.1. Introduction by Lynchpin

Lynchpin is proud to sponsor this ongoing research into online measurement and strategy, a topic naturally close to our hearts as a web analytics consultancy.

The results of this year's survey continue a story of great opportunity matched with a fair dose of practical frustration.

As a discipline, web analytics is still experiencing some growing pains. The expectations for insight on demand are ever-increasing; meanwhile data volumes continue to grow and start to spread themselves across disparate sources, presenting new challenges to overcome.

With headcount of dedicated analysts growing, the focus now increasingly turns to process: how to keep information flowing effectively around a business to drive decisions. Coordinating technology and people remains a key point of friction in driving value from web data.

Getting the basics right is still a challenge equally worthy of focus. In the value chain of raw data to actionable insight, the two most frequent points of failure tend to be failure to align KPIs with business performance, and not collecting the right data in the first place through poor technology implementation.

The first phase of consolidation of web analytics technology vendors looks to be reaching its logical conclusion, with the number of major paid web analytics vendors yet again reduced by mergers and acquisitions.

Google remains a powerful force in the analytics market. The extent of overlap and complementary usage of Google Analytics alongside paid for tools hints at continuing functional weaknesses in the paid-for toolsets set against increasing attention to data ownership.

Online measurement needs to reflect the significant growth of multichannel businesses, and here we start to see the next phases of the market develop. Web analytics vendors are historically poor at data flexibility. Meanwhile, traditional Business Intelligence vendors historically lack the mind-set to deal effectively with clickstream data.

As web analytics comes of age, it needs to join-up both the online and the offline, and the technical and the strategic. We look forward to playing our part in that process over the coming year.

Andrew Hood
Managing Director
Lynchpin Analytics

5.   Methodology and Sample

This is the fourth annual Online Measurement and Strategy Report published by Econsultancy in association with Lynchpin.

There were more than 800 respondents to our research request, which took the form of an online survey[1] in March and April 2011.

Respondents included both client-side (in-house) organisations who measure their online activity and supply-side respondents (i.e. agencies, vendors or consultants offering web analytics services). The findings are shown for client-side (or 'company respondents') and supply-side ('agency respondents') participants separately.

Please see the appendix for more information about the profile of survey respondents.

Information about the survey, including the link, was emailed to Econsultancy's user base. The incentive for taking part was access to a complimentary copy of this report just before its publication on the Econsultancy website. If you have any questions about the research, please email Econsultancy's Research Director, Linus Gregoriadis (Linus@econsultancy.com).

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[1] *Econsultancy uses Clicktools for its online surveys*

6.   Findings

6.1.   Information requirements

The chart below shows the different types of information analysed by organisations. Broadly speaking, organisations are now analysing more data than they were previously and this might account for the lack of progress companies are making when it comes to translating data into actionable next steps [See *Figure 44*]. The more data there is, the harder it is to make sense of everything within a coherent framework.

Companies

Figure 1: What types of data does your organisation analyse?
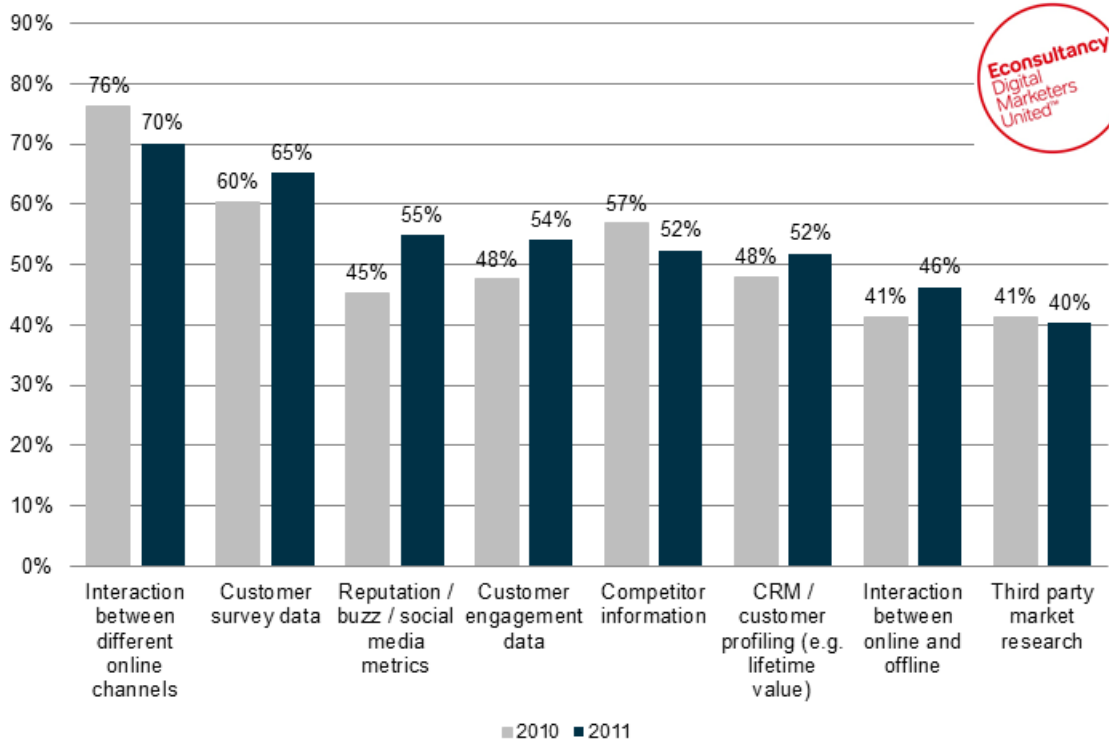
2011 response: 382
2010 response: 227

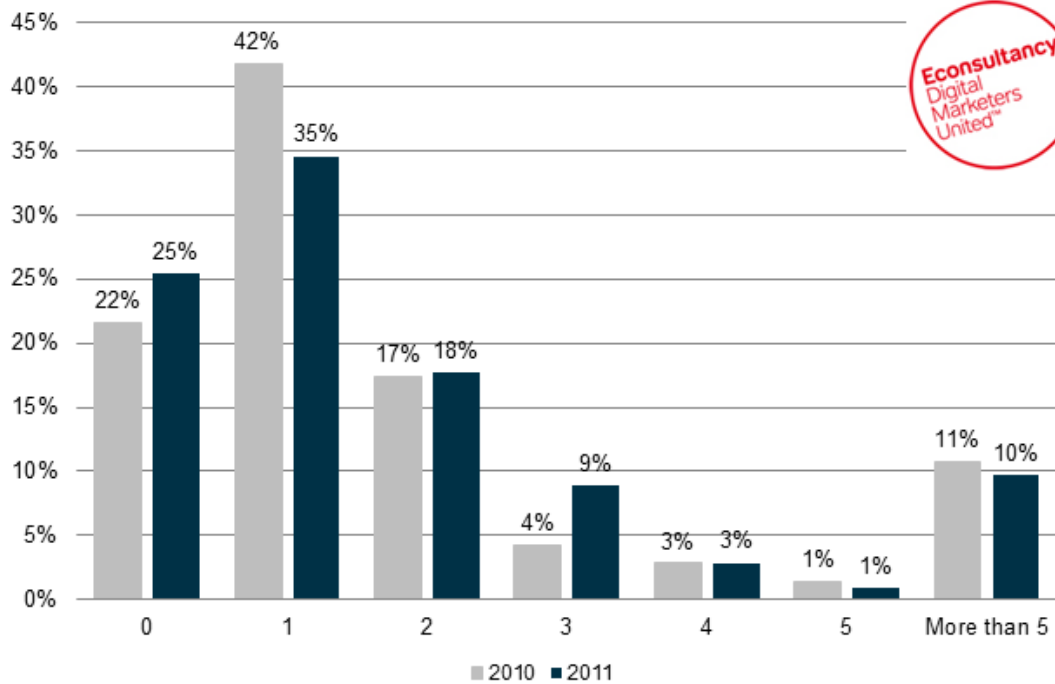**SAMPLE ONLY. Please download the full report from:**

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6.2. Resourcing and budget

6.2.1. Number of dedicated web analysts

A third of respondents (35%) say they have one dedicated web analyst, a significant drop from 2010, when 42% had a single employee dedicated to analysis of web data.

Companies

Figure 2: How many dedicated employees does your organisation have doing analysis of web data?

2011 response: 364
2010 response: 217

6.2.2.   Ownership of budget

The chart below indicates who within the organisation is most likely to take responsibility for the budget, and indicates this is most likely to be the remit of *senior management* or *online marketing*.

6.3.   Joined-up strategy and measurement

6.3.1.   Company-wide strategy

Only 22% of companies say they have a company-wide strategy for collecting and integrating data analysis with business objectives, while almost two-thirds (63%) say they are working on this. Some 15% do not have a strategy in place for this at all.

Companies

Figure 3: Do you have a company-wide strategy that ties data collection and analysis to business objectives?
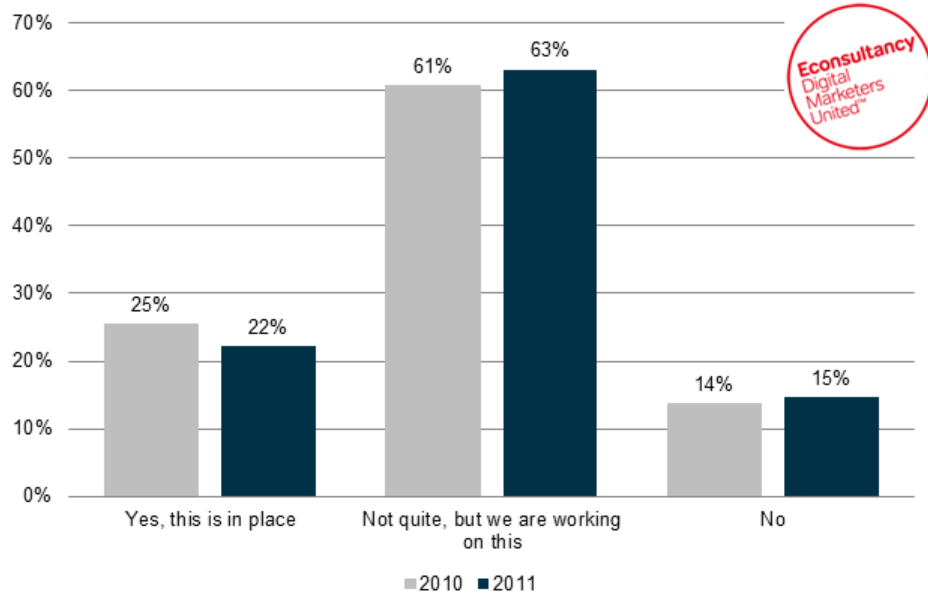
2011 response: 362
2010 response: 213

6.3.2. Barriers preventing frameworks for analysing online and offline data

In an open-ended question, companies were asked about the main barriers to having a consistent framework for analysing online and offline data. The tag cloud below summarises the responses. Time, lack of understanding, budget constraints and lack of resources are frequently cited as significant barriers.

Powered by Wordle

The lack of resources was frequently cited by respondents. Many companies are unsure of how to put an appropriate framework in place, and some companies do not see the value of doing this.

Lack of resources – time, budget and skills

Company and agency respondents

6.4.   Barriers to success

6.4.1.   Barriers preventing an effective online measurement strategy

The main barrier to an effective online measurement strategy is still the *lack of budget and resources*, which is one of the three biggest problems for 48% of organisation surveyed. However, it is encouraging that there has been a slight drop in the proportion of companies citing this, as this has fallen from 57% last year.

6.4.2.   Main frustrations involved in managing web analytics

Companies were asked about their main frustrations associated with managing analytics. From this, it is apparent that a lack of understanding about the data, issues with senior management buy-in and the lack of time and budget are all significant barriers to managing web analytics.

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Too much data / lack of time

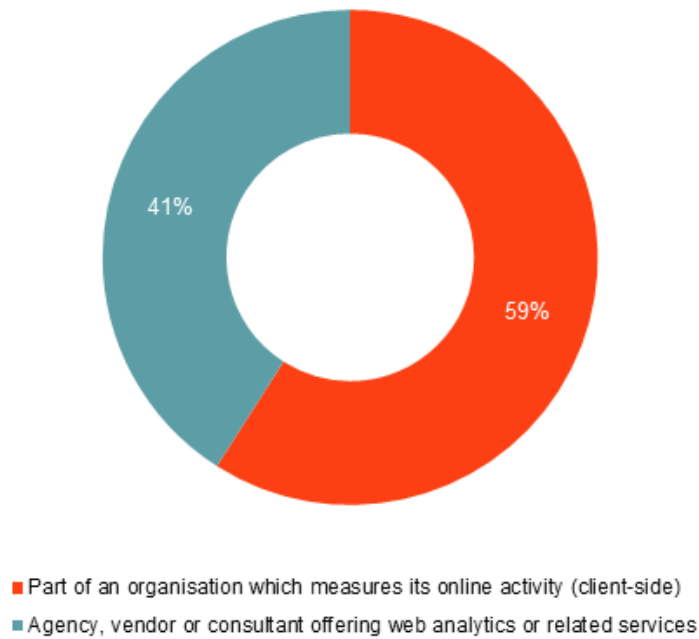**SAMPLE ONLY. Please download the full report from:**

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Company and agency respondents

7.   Appendix

7.1.   Respondent profiles

The figure below indicates that 59% of respondents in this survey are client-side, and some 41% work for an agency, vendor or consultant who offer web analytics or related services.

Figure 4: Which of the following most accurately describes your job role?

- Part of an organisation which measures its online activity (client-side)
- Agency, vendor or consultant offering web analytics or related services

Response: 840

7.1.1.   Company turnover

Some 43% of respondents report they have an annual turnover of under £10 million, including a fifth (20%) who have a turnover of under £1 million. At the other end of the scale, almost a third of respondents (32%) report an annual turnover of over £150 million, while 15% have a turnover or more than £1 billion.

Figure 5: What is your annual company turnover?
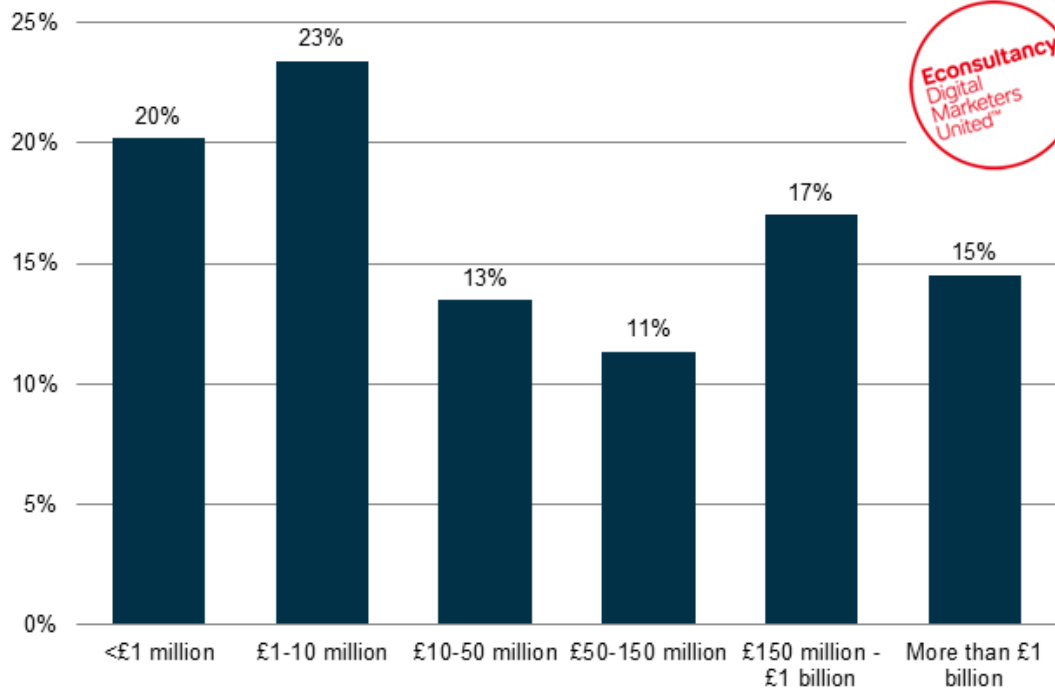
Response: 346

7.1.2. Business sector

The top business sectors covered in this survey are *retail* (15%), *financial services* (15%), *publishing* (9%) and *consultancy or marketing services* (8%).

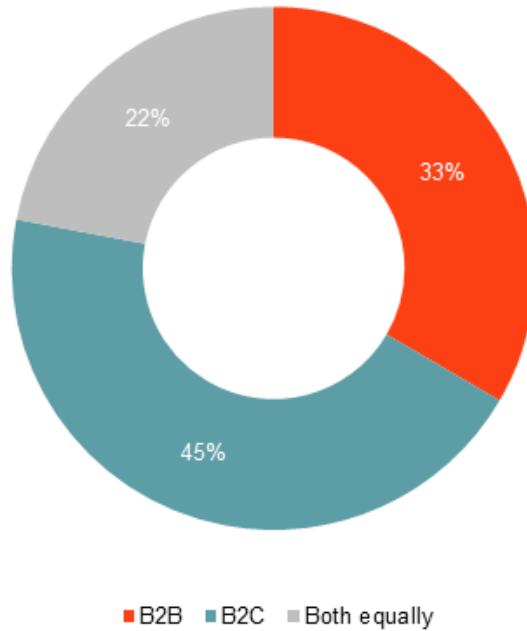Figure 6: In which business sector is your organisation?
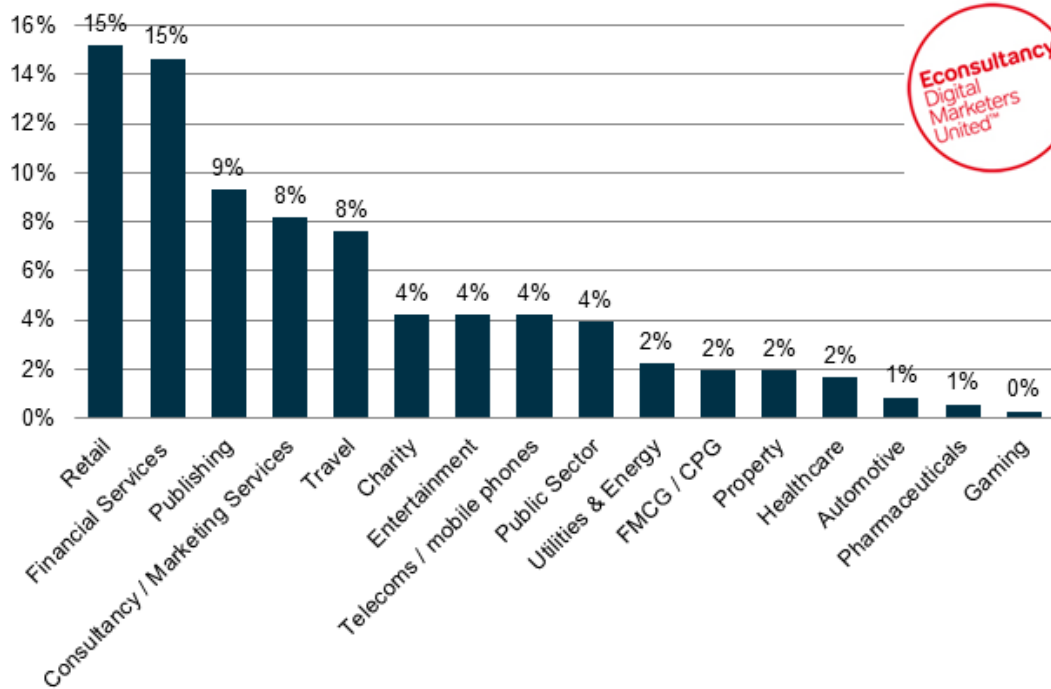
Response: 355

7.1.3. B2B or B2C focus

A third of companies (33%) are focused on B2B exclusively, while 45% are focused on B2C. Around a fifth (22%) are focused on both areas.

Figure 7: Is your business more focused on B2B or B2C?

- B2B
- B2C
- Both equally

Response: 351

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7.1.4.   Type of supply-side company

Over half of supply-side respondents (51%) work for a *digital agency*, while a fifth (20%) are *self-employed consultants*. Just under a fifth (18%) say they work for supply-side companies that fall into *other* categories, including PR and media agencies, web analytics vendors, and IT services.

Agencies
Figure 8: What type of organisation do you work for?
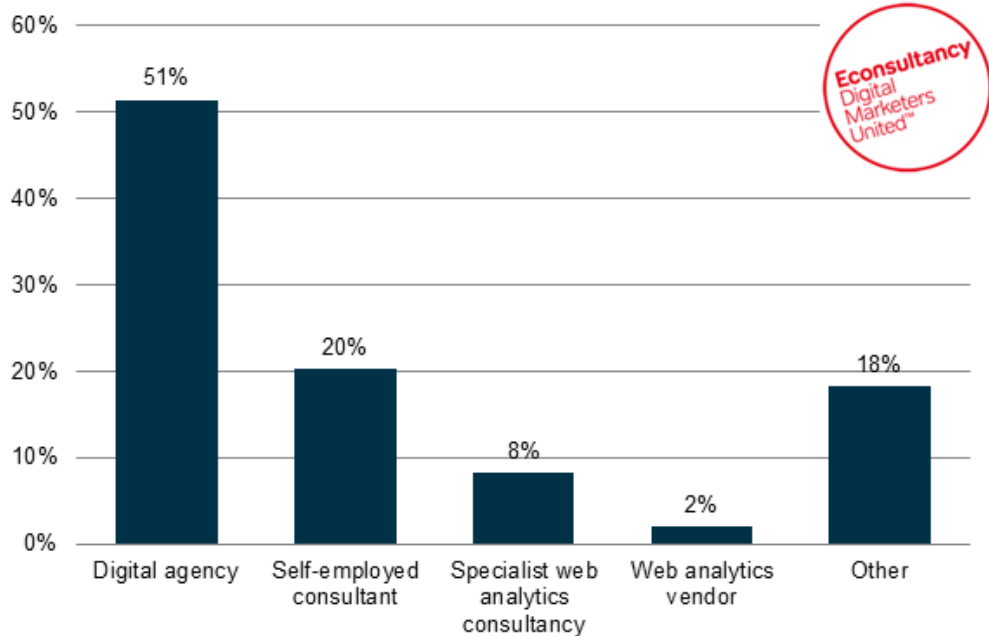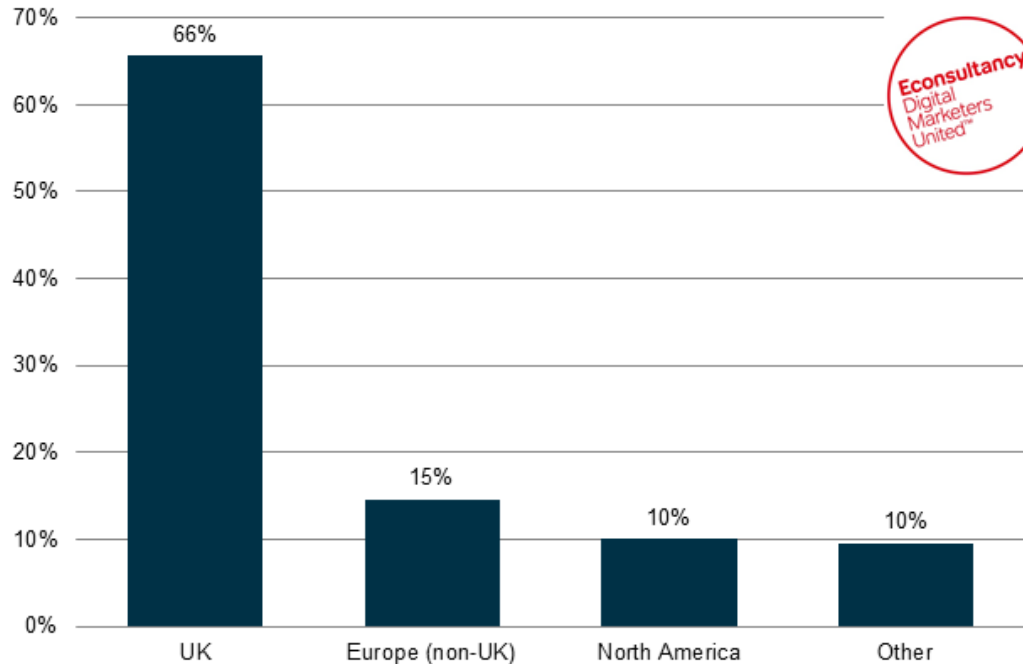

Response: 257

7.1.6. Geography

Two-thirds of companies (66%) of respondents in this survey are UK-based, while 15% are based in Europe and 10% are from the US.

Over half of supply-side respondents (55%) are UK-based, while 14% are from Europe, and 10% are US-based.

Companies
Figure 9: In which country/region are you (personally) based?

Response: 355

Agencies (supply-side)

Figure 10: In which country/region are you (personally) based?

Response: 240