

# What 90% of Marketers Don't Do—But Should

## Integrating Email and Web Analytics for Higher Conversion Rates and ROI

You spend thousands—even millions—of dollars on marketing to drive people to your web site. You design impossible-to-ignore offers and irresistible landing pages, yet you're still not generating the amount of leads or revenue you projected. Sound familiar? Battling low conversion rates is a complex problem, and one that few marketers even know they have.

If you're ahead of the curve, you know that conversion isn't simply a reflection of your web site's ability to persuade but rather the result of an integrated marketing process made up of multiple interactions, across multiple touch points, throughout the lifecycle. Your web site may be one of many factors that *influence* conversion, but it's where the rubber hits the road in terms of *measuring conversion rates*.

Whether your objective is to convert prospects into qualified leads or browsers into buyers, this paper will outline proven ways to boost your lead generation and selling efforts using email and web analytics. When tightly integrated, these two technologies can enable the timely delivery of highly individualized, relevant marketing messages that accelerate the conversion process and drive measurable increases in conversion rates and marketing ROI.

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## Conversion Doesn't Happen in a Vacuum – If It Happens at All

The goal of measuring conversion rates is to quantify your effectiveness in persuading—and enabling—a web site visitor to take a desired action, such as making a purchase or submitting contact information for follow-up by a sales rep. Often, conversion is a multi-step process referred to as a conversion “funnel”, whereby the universe of visitors that *might* take action is systematically narrowed down to the individuals that finally *do* take action.

Most marketers today consider conversion rate a key performance indicator (KPI) and have established a baseline against which success or failure is measured. Defined as the number of visitors who take the desired action divided by the total number of site visitors, the “average” conversion rate is between two and four percent (depending on whom you ask).<sup>1</sup> A conversion rate of five percent is generally regarded as outstanding, while anything above ten percent is cause for celebration—but not for long, because a ten percent conversion rate also means that a whopping 90 percent of visitors are still leaving your site without taking action.

Conversion rates are influenced by a number of factors. While many are market-related or conditional factors beyond your control (e.g., conversion type, buying cycle, and competitive landscape), many factors are a direct result of your organization's efforts to create and support the total customer experience before, during, and after a visit to your site—whether a visit results in conversion or not. These factors include:

- Outbound marketing campaigns that generate awareness and demand (experience that sets expectations and drives individuals to your site);
- The design, structure, and content of your web site and landing pages (experience while visiting your site); and
- Subsequent communication or interaction an individual has (or doesn't have) with your company (experience after a visit to your site).

Typical email marketing initiatives focus on creating interest in the pre-visit experience, while web analytics initiatives focus on measuring performance and behavior during a site visit and optimizing visitor experience.

But what about the post-visit experience, especially when the visit did not result in conversion? That's when things start to get interesting.

## Web Analytics: Knowing is Half the Battle...

Web analytics refers to the collection, analysis, and reporting of web site usage by visitors. This information helps you better understand the effectiveness of your online initiatives and optimize your web site for greater success in achieving your business goals. A web analytics solution is most beneficial when used to optimize web sites with clearly defined goals, typically categorized as follows:

- **Commerce sites:** The goal is to get consumers to buy directly online (convert browsers into buyers).
- **Lead generation sites:** The goal is to get visitors to submit their contact information for continued interaction (convert suspects into qualified leads).
- **Content sites:** These sites rely on advertising revenue; thus, the goal is to keep visitors coming back for fresh content.
- **Self-service and support sites:** The goal is to empower customers to find the answers they need regarding their products and services in order to reduce operational costs.

For a web site to benefit from web analytics it should support one or more of the goals mentioned above. Many web sites support all four. This paper focuses on conversion as it relates to top-line commerce and lead generation goals, although both email and web analytics can play significant roles in reducing operational costs and encouraging repeat visits, no matter what the type of site.

*(note: intentional foreshadowing here)*

Today's web analytics solutions can deliver up-to-the-second insight into your web site performance, as well as your site visitors, their interests and behavior—whether they enter your site organically or through banner ads, search engines, email and direct mail campaigns, or other promotional media. In addition to providing raw observational data, web analytics can provide more business-oriented reporting and analysis tools related to conversion that help you:

- Identify audience segments and establish conversion funnels and paths that cater to specific personas;
- Evaluate A/B and multivariate tests on creative designs, submit forms, copy, and other persuasive elements; and,
- Support closed-loop measurement of all your marketing initiatives, including email campaigns, banner ads, keyword buys, search engine and affiliate programs, and even correlate web behavior with offline conversion.

A web analytics solution can help you measure the effectiveness of any custom-defined conversion funnel, such as the lead capture form on a landing page or the checkout process, and pinpoint areas with high drop-off or abandonment rates. But once you've identified a conversion opportunity or problem area, a web analytics solution won't develop your strategy for you or tell you exactly how to address the issue. That's your job as a marketer who knows your business and target audience inside and out.

Yet when Forrester Research asked web analytics users what was the single biggest challenge with analytics, nearly half of respondents said it was acting on the findings.<sup>2</sup> As with most technology investments, you won't realize any return (ROI) from your web analytics initiative until you actually do something with the data.

### **...Acting is the Other Half**

Traditionally, acting on web analytics data involves making systematic improvements to web site design, structure, or content to improve the visitor experience while on the site. By minimizing the guesswork involved in deciding what to improve and how, web analytics can help you more efficiently implement site changes that directly impact conversion rates and enable you to more accurately predict and measure your results. Removing a required field from a landing page or adding a money-back guarantee message to product and cart pages, for example, can potentially double, or even triple, your conversion rate.

Even with such optimizations in place, the fact remains that a good portion—probably more than half—of your web site visitors are still not converting. They either leave the conversion funnel and go to other content on the site (only to end up leaving anyway, without converting) or exit your site altogether. Then what?

- (A) You resign yourself to the fact that you've lost your chance to convert these people on this visit and passively wait for them to return.
- (B) You leverage your web analytics data to make improvements to your site for the next visit, whenever that will be.
- (C) You leverage your web analytics data to make improvements to your site and use email to persuade people to return to your site sooner, so you can recapture those lost conversions faster.

While (A) and (B) are what the majority of marketers are doing today, (C) is the action to take if you really want to raise your conversion rates and your marketing ROI to higher levels.

## Email Marketing: It's Time to Get Relevant

As mentioned earlier, the focus of most email marketing efforts is on generating awareness and interest in the pre-visit experience and driving prospects or customers to the web site for fulfillment. These are typically marketer-driven, one-off promotional offers or periodic newsletters manually broadcast to a large audience. Many marketers include a personalized subject line or greeting and do a fairly good job of segmentation based on demographics. More sophisticated marketers leverage their CRM, ERP, SFA, and other acronym-laden enterprise software to target their campaigns based on detailed customer profiles with rich contact or purchase histories.

The biggest challenge here, however, has always been reaching out to prospects and customers when they are most receptive to marketing messages—i.e., delivering the “right message” to the “right person” at the “right time” or, in simpler terms, being “relevant”. Relevance is the missing ingredient in most email marketing initiatives, as it involves knowing where an individual is in the buying cycle, or customer lifecycle, and taking into account the context in which a message will be read. Simple personalization and segmentation will get you only so far. Your content may be spot on, but if your timing is off, your results suffer.

Being truly relevant requires near real-time information about individual profiles, preferences, and behaviors. It also requires near real-time action, or reaction, by marketing organizations. Marketers doing email campaigns “by hand” will fail, yet this is the status quo. It's not surprising, then, that a 2005 JupiterResearch survey found that roughly 90 percent of marketers still fail to use email as a relevant direct marketing tool.<sup>3</sup> How do the other ten percent of marketers succeed in being relevant?

These savvy marketers are using web analytics and email marketing automation to enable the timely delivery of highly individualized messages. They're taking a more holistic view of the customer experience, not only recapturing conversions after a web site visit but also engaging prospects and customers at every stage of the lifecycle, to convert browsers into buyers, buyers into repeat buyers, and repeat buyers into loyal, satisfied customers.

## Integration Increases Relevance and ROI

The concept of using web analytics (or “click-stream”) data to target email campaigns and trigger email messages isn’t new, but adoption of the tactic has been slow—until now. Email marketing and web analytics technologies have become more powerful and easy to use in recent years, and vendors have partnered to make integration easier. Relevance is now a reality, and the ROI achieved so far, even by so few, is very compelling. Results<sup>4</sup> show:

- Relevant campaigns *increase net profits by an average of 18 times more* than do broadcast mailings, despite any additional campaign costs.
- Adopting lifecycle targeting tactics are *twice as likely to deliver conversion rates of more than five percent*, compared with static, offer-oriented campaigns.
- The use of web analytics to target email campaigns *improves revenue by nine times more* than does the use of broadcast mailings.

Your window of opportunity is now open, but Jupiter reports that about one-third of marketers will soon adopt these contextually relevant targeting tactics. Over the next 12 months, the ability to implement campaigns in a short period of time will represent significant competitive advantage over the masses that remain mired in undifferentiated broadcast campaigns.<sup>5</sup>

	Broadcast	Lifecycle	Web Analytics
Primary targeting tactic used	None, no personalization or segmentation	Product replenishment message	Click-stream web analytics data
Average conversion rate	1.1%	2.8%	3.9%
Monthly revenue	\$45,600	\$222,970	\$401,942
Monthly net profit	\$5,155	\$76,668	\$162,631

Source: 2005 JupiterResearch Executive Survey

## Ideas to Get Started ASAP

Leveraging declared interests and observing the behavior of your web site visitors, you can trigger a wide variety of email communications at critical points in the customer lifecycle. Promotional email that combines an incentive offer with behavioral targeting is the most likely to motivate a sale. For retailers that have carts

that reset quickly, an email that promotes products with free shipping will entice shoppers to complete the purchase without hesitation—76% of retailers run a free-shipping-with-conditions promotion, and 98% of them find it effective.<sup>6</sup>

Conversion Opportunity Uncovered by Web Analytics	Email Marketing Tactic Used to Increase Conversion and ROI
A Visitor enters your site via a search engine and browses particular pages or areas of your site:	Send an email the next day that includes product information and incentives related to the keywords used in the search.
A visitor puts an item in a shopping cart but abandons the purchase process:	Send an email three days after abandonment that includes incentives to purchase the abandoned product as well as three other high-margin items.
A customer puts an item in a shopping cart and makes a purchase:	Include a cross-sell or up-sell message for related products in your transaction confirmation email
A frequent purchaser has not bought within the normal purchase cycle:	Send an email with a replenishment incentive or coupon to purchase
A prospect downloads a whitepaper or other document by filling out a form:	Trigger a sequence of informational emails that educations and provides opportunities to learn more.

## How Does the Integration Work, Exactly? (Time to Get Technical)

An optimized integration between your email marketing and web analytics services can enable a rich, two-way flow of actionable marketing information. It can provide you with: a more detailed understanding of the variables that impact conversion and campaign effectiveness; the ability to do more sophisticated behavioral targeting and segmentation; and, a more comprehensive set of personalized data that can be used to send highly individualized messages at precise moments in the customer lifecycle.

### From Email to Web Analytics

In one direction, your email marketing service passes vital pieces of information to your web analytics service when an email recipient views and clicks on links in your email message. The links contain descriptive “tags” that identify the email recipient, the campaign that generated the response, the nature of link placement and surrounding copy. When a recipient arrives at your landing page, your web analytics service recognizes these tags and begins to track the visitor’s behavior



Leading retailer of pet food and supplies PETCO implemented a shopping cart abandonment program and increased conversion by nearly 200%.



E-LOAN recaptures customers who were approved online for a loan but did not fund. With rigorous A/B/Control testing, they saw a 300% lift vs. control.



Resort operator Intrawest generates millions in incremental resort revenue by leveraging reservation bookings to trigger up-sell/cross-sell messages.

across the site. Savvy marketers will also place a tag in the email message body to track individual opens of the message, gaining insight into campaign reach. Proper campaign source tagging will help you identify the specific email campaign as well as its categorization in a hierarchy of email programs and other active on-line campaigns. Strategic tagging of individual links will also enable you to monitor overall campaign effectiveness, as well as the success of message design elements surrounding specific hyperlinks. For example, you can evaluate the effects of “above-the-fold” and “below-the-fold” content placement, or how different audience segments respond to linked images versus linked text.

Finally, your email marketing solution can dynamically place a recipient identifier in the tracking tags for each email. This allows the web analytics service to recognize and track email recipient visits regardless of whether a visitor actually logs in to your site or has a pre-existing cookie.

While a good email marketing solution provides its own set of comprehensive reports to measure campaign effectiveness, reporting is limited to activities within the email itself (opens, click-throughs, deliverability, etc). Therefore, an optimized integration with web analytics can enable you perform more closed-loop measurement of your email marketing campaigns.

### **From Web Analytics to Email**

In the other direction, the actionable data generated by your web analytics service will prompt the delivery of an email message. In some cases, an event identified by your web analytics platform will trigger a unique message in real-time to a visitor that exhibits certain behavior. In other cases, messages can be sent days later or a series of timed messages can be sent over a period of time. In all cases, a data feed from the web analytics service is established to support recurring and one-off messaging programs that are managed and executed from the email marketing platform. You can also set up a data feed from a corporate database or data warehouse to leverage supplementary customer profile and product inventory data in your email messaging.

Data can be transferred on an intraday, daily, or weekly basis, depending on your desired frequency of messaging. These data feeds help you populate a rich source of information that you can leverage to increase message relevance and ROI. Three types of data sources are typically maintained on your email marketing platform:

1. An audience database that completely defines each customer’s contact information, messaging preferences, demographic and psychographic segmentations, and explicit or implicit product interests.

2. Behavioral segmentations to identify individual visitors that exhibit some type of target behavior on your web site. For commerce-oriented sites, behaviors such as product-specific search or browsing, cart abandonment, and purchase can be used to trigger a given message or series of messages.

In an optimized shopping cart abandonment program, for example, you can control delivery schedule, suppression rules, offer scale, and main product and alternative product placements within the message. For a lead generation-oriented site, behaviors such as repeated white paper downloads can be used to drive lead nurturing programs with targeted content and individualized delivery schedules.

3. A series of data sources that define web site activity in aggregate, used to provide highly individualized message content. These could define top selling products (overall and by product category), product affinities, and top-performing site offers, for example. Using this data, you can send more targeted and compelling cross-sell and up-sell messages. For service and support sites, these data sources can contain information about the most frequent support issues and can be used to drive individualized “tips and tricks” emails that help deflect call center volume.

In summary, this two-way flow of information between your email marketing and web analytics services can help you develop a cascading series of campaign optimizations. Specifically, campaign structure can be enhanced by monitoring overall performance and individual offer and link effectiveness. Audience segmentation can be enhanced by visitor behavior tracking. And message content can be enhanced by leveraging information about top selling products, product affinities, and inferred visitor interest.

Use web analytics to improve your site’s effectiveness in persuading people to convert, whether they enter your site from within an email campaign or through some other media. Use highly individualized, relevant email messages to persuade the remaining visitors to return sooner (to an improved site entry page) and take action.

## What to Look for in an Email Marketing Solution

To achieve an optimized integration between web analytics and email marketing services, you need a digital marketing platform that provides power, flexibility, and ease of use in terms of data architecture and integration services, tracking support for web analytics, dynamic content personalization, and flexible messaging logic management.

- **Data Architecture and Integration Services:** Look for an email marketing platform with a flexible, open data architecture that doesn't enforce a rigid data schema. You should be able to add or remove data sources and profile attributes easily at any point in time in order to accommodate and model web analytics behavioral data. This will make it easier to set up, schedule, and monitor recurring data feeds from any web analytics platform or other corporate database.
- **Dynamic Content Personalization Tools:** Web analytics will generate rich sources of data, so your email marketing platform must provide powerful yet easy-to-use content targeting tools to act on this data. Any given email campaign or message should support the dynamic placement of individualized content at strategic locations in the message layout. Ideally, dynamic content should be controlled by reusable, user-defined rule sets for scalability. These tools should support both segment-based rules, such as those involving purchase or age/gender bands, and one-to-one content-based rules, such as those involving product affinity model table lookups.
- **Messaging Logic Management:** You should be able to easily configure delivery rules that control when, how, and what messages are sent for a given set of web behaviors. It's also important to build each campaign in the context of an overall interaction strategy. Your email marketing platform should provide a rich set of wizard-based tools for rule building and messaging program management for both individual campaigns and organization-wide lifecycle program governance.
- **Dedicated Tracking Support for Web Analytics Platforms:** Look for an email marketing platform with dedicated user interface wizards for setting up the appropriate tagging conventions for leading web analytics vendors. This allows you to define and track email campaigns easily at the detailed level of link and individual recipient tracking. An essential part of integrating email marketing and web analytics is the tagging of an email message and its associated offer links with descriptive attributes.

## What to Look for in a Web Analytics Solution

Many of the same characteristics apply when evaluating a web analytics solution—you need simplicity and ease of integration without compromising power and flexibility. Your analytics platform should provide comprehensive and up-to-the-second insight to your online visitor behavior—actionable insight that can enable you to optimize your marketing initiatives and ultimately increase your bottom line.

- **Simplicity and Ease of Use:** Leading analytics solutions provide hundreds of detailed reports and metrics. Make sure you partner with a provider that understands your business and the most relevant KPIs to achieve your specific objectives so that you don't drown in a sea of data. The reports produced by your analytics solution should help you make important business decisions on the fly and easily distribute this information throughout your organization. After initial training you should be up and running, but your provider should also offer periodic trainings (on or off-site) as new releases come available.
- **Power and Flexibility:** Look for a solution that has a flexible reporting method that meets your needs. Do you spend a lot of time in excel? Then your reports should be easily exported or even created within this application. Do you need simple marketing dashboards to share key KPIs with executives? Then you should be able to create relevant charts and graphs to present during meetings. Your provider should accommodate your specific business model and goals, whether e-commerce, lead generation, media or self-service.
- **Ease of Integration:** Don't limit yourself. Your analytics data should have an open integration platform enabling you to have comprehensive insight into other aspects of digital marketing including email marketing, keyword bid management and web content management. Your provider should have an extended partner network to meet all of your digital marketing needs.
- **Reliability and Integrity:** Look for a stable company that has been in the industry for several years and has a large customer base of enterprise companies that will vouch for them. Your company of choice should have a seasoned team of professionals that is dedicated to its customers. Read up on industry reports and analyst recommendations for best of breed analytics solutions and make sure your provider has strict privacy policies when it comes to your data.

## Summary: Follow Best Practices

Accurate and timely intelligence about customer profiles and behavior is essential to increasing the relevance of your marketing messages, as well as to the design of an overarching interaction strategy that encompasses multiple touch points across the customer lifecycle. The actionable data delivered by web analytics can be used with real-time and right-time email marketing strategies to deliver valuable, relevant, and timely offers and communications that boost conversion rates and marketing ROI.

While it's tempting to compare your conversion rates and campaign performance to those of other marketers, your goal should be to constantly improve your own results. Industry benchmarks can be helpful guidelines for setting appropriate goals, but your expectations and results will be very different, depending on your particular business model and available marketing resources. Start by setting an objective—such as an increase conversion rate by 5%—and then use email and web analytics systematically to see how you can achieve the highest results for your efforts.

One final note: Event triggered email marketing campaigns should be a supplement to, not a replacement for, traditional high-volume outbound marketing techniques. As E-LOAN puts it, “Although response rates for the triggered programs are much higher, the distribution is lower. Our blast email campaigns have a very low response rate, but we send them to such a large population that the revenue they generate is much greater than what we see from the event-triggered programs.” However, there is no question that the event-triggered programs made possible by email and web analytics have a key role to play in the marketing mix.<sup>7</sup>

## Resources

- JupiterResearch  
[www.jupiterresearch.com](http://www.jupiterresearch.com)
- Forrester Research  
[www.forrester.com](http://www.forrester.com)
- Responsys  
[www.responsys.com](http://www.responsys.com)
- WebSideStory  
[www.websidestory.com](http://www.websidestory.com)

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1 *Calculate Your Online Conversion Rate*, Bryan Eisenberg, ClickZ Network, August 2004

2 *What Matters to Web Site Analytics Users*, Forrester Research, June 2004

3 *JupiterResearch Executive Survey*, March 2005

4 *The ROI of Email Relevance*, JupiterResearch, May 2005

5 *Ibid*

6 *The State Of Retailing Online 8.0*, Forrester Research

7 *Best Practices in Event-Triggered Marketing*, Forrester Research, April 2005

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#### **About Responsys**

Responsys® is a premier provider of on-demand email and lifecycle marketing solutions. Recently ranked number one in the 2005 JupiterResearch Email Marketing Buyer's Guide, Responsys provides an easy-to-use solution for planning and executing timely and relevant permission-based campaigns delivered at precise moments in the customer lifecycle, allowing companies to drive the highest value to their customers and greatest profitability to their organization. Responsys is trusted by market category leaders such as: Avery Dennison, Avis Europe, CDW, Continental Airlines, Intrawest Corporation, Lands' End, Office Depot, and Sharper Image. Responsys, the world's largest private and profitable email service provider, is based in Redwood City, California, with offices in London, New York, Chicago, and Portland, Oregon. [www.Responsys.com](http://www.Responsys.com)

#### **About the Active Marketing Suite**

The WebSideStory Active Marketing Suite delivers the industry's first line of integrated, on-demand digital marketing solutions that leverage the Company's web analytics service as the unifying platform. In addition to WebSideStory Search, the suite includes HBX Analytics—an award-winning on-demand web site analytics and visitor behavior tracking system, WebSideStory Publish—a leading web content management system, and WebSideStory Bid—a search engine marketing (SEM) and keyword bid management application.

#### **About WebSideStory**

WebSideStory (Nasdaq: WSSI) is a leading provider of on-demand digital marketing applications. Its Active Marketing Suite includes web analytics, site search, web content management and keyword bid management. Enterprises worldwide use these services to monitor, measure and maximize their online marketing performance.

**For more information, visit [www.WebSideStory.com](http://www.WebSideStory.com) or call 877.2BUY.HBX**