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Web Analytics: The Crystal Ball of Customer Behavior

April 2007

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Executive Summary

Companies maintaining web sites today have an incredible wealth of customer information available to them in the form of implicit clicks, actions and behaviors. Web Analytics tools are used widely to track these metrics including 69% of companies that track conversions resulting from their site visitors. Only 14% of these companies are pleased with their current conversion rates and all view Web Analytics as a method to measure and manage change to affect this metric. This report outlines Web Analytics strategies and technologies used by Best-in-Class companies to interpret the behavior of their online visitors and factors that drive conversions and revenue which separate Best-in-Class from Industry Average and Laggard companies.

Best in Class Performance

Aberdeen evaluated three key phases of the customer lifecycle which include: Attract, Convert and Retain to measure areas where web analytics can provide actionable data to measure marketing effectiveness to increase profitability from visitors. From each of these customer lifecycle stages, performance criteria were derived to distinguish Best-in-Class companies. Industry leading companies showed year over year performance improvements in the following areas:

- **Attract: 75%** increased New Visitors, **83%** increased Page Views per Visitor
- **Convert: 78%** improved Visit Duration, **68%** improved Conversion Rates
- **Retain: 65%** improved Returning Visitors, **64%** improved Visits per Visitor

Competitive Maturity Assessment

Survey results show that the firms enjoying Best-in-Class performance shared several common characteristics with respect to their Web Analytics implementation strategy, such as:

- **89%** of Best-in-Class companies currently use or plan to use analytics as a method to measure corporate goals such as compliance with sales and marketing objectives and elevating customer experience. This majority group uses analytics data to influence decisions and impact change across multiple business units.

"Deep analytics knowledge is understanding the principles underlying the algorithms. It's about understanding the black box inside the data warehouse to access, understand, and fully leverage your data."

- **89%** of Best-in-Class companies will make analytics data available to all levels of management within their organizations through dedicated analysts or self-service methods. **Ninety-one percent** of these firms will make analytics data available for export to other applications such as CRM systems, BI platforms or Excel spreadsheets.

Required Actions

In addition to the specific recommendations in Chapter 3 of this report, to achieve Best-in-Class performance, companies must:

- Start using analytics solutions to benchmark Key Performance Indicators (KPIs) including: ratio of new to returning visitors, average visit duration and percentage of returning visitors that impact specific customer lifecycle stages Attract, Convert and Retain. Use these metrics as baseline measurements for analyzing referral traffic, content value and marketing campaign effectiveness.
- Implement conversion path identification tools and conduct funnel analysis to identify paths to profitability. Conversion analysis (regardless of conversion type i.e., sales, downloads, form completion, etc.) must include processes to influence repeat conversions and maximize opportunity such as: identification of abandonment points, A/B testing, and customer segmentation.

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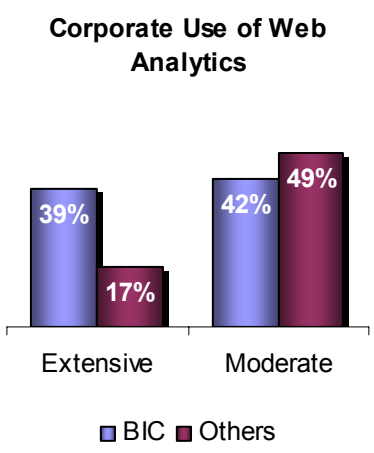
Chapter One:
Benchmarking the Best in Class

Aberdeen Analysis

Web Analytics measurement capabilities have experienced exponential growth and development over the past 10 years. Original deployments of analytics tools often consisted of log file analysis to determine elementary metrics such as homepage hits and failed page loads. Yet, as users grow more sophisticated in their efforts to understand customers and deliver relevant marketing to them throughout various stages of the customer lifecycle, their need for advanced analytics tools has grown.

Figure 1: 81% of BIC Use Analytics Often



Source: Aberdeen Group
April 2007

Companies that are leading their peers (termed Best-in-Class or BIC), use web analytics extensively or moderately throughout their organizations (Figure 1). They use analytics tools to probe deeper into customer behavior and to evaluate the effectiveness of their marketing efforts. BIC companies demonstrate greater experience with web analytics platforms and vendors, exemplified by 62% of BIC companies that are currently on their second or third analytics vendor platform. In contrast, 55% of non-BIC companies have deployed only one analytics solution. This level of experience with multiple vendors and analytics platforms allows marketers to ask better questions and in turn, provide targeted marketing.

Aberdeen asked 200+ companies to identify metrics that hold the greatest value in tracking customer behavior (both online and off-line), to gain a better understanding of customer actions and elevate customer experience. These metrics were identified across three key areas of the customer lifecycle:

1. **Attract:** All companies doing business online face the challenge of attracting new visitors to their web site.

Fast Facts

- √ **90%** of companies surveyed indicate they have enlisted support from senior management – or plan to do so – for web analytics initiatives, yet only 16% of all respondents have a defined method for interpreting analytics that aligns with corporate goals.
- √ **78%** of Best-in-Class companies have or will have an employee that is directly accountable for variances in KPIs as reported by analytics and **53%** will use analytics data to affect the compensation of Line of Business owners.

"Instilling a culture of corporate analytics adoption is critically important. In fact, the larger an organization, the more important it becomes – but with larger organizations, it also becomes harder and harder to implement."

~Josh Manion, CEO
Stratigent, LLC

2. **Convert:** Once a consumer lands on a given web site, the goal is to get them to convert from a visitor to a viable customer or consumer of information.
3. **Retain:** Once a new customer is acquired, the real challenge is getting them to visit again and to visit often.

This study examines the role that web analytics plays in identifying customer behavior, evaluating marketing effectiveness and tying these metrics to business processes that enable actionable tactics to produce desired results.

"My organization is anticipating a tidal wave of new users in the next few years and our main focus right now is using analytics to understand customer behavior on the web site to ensure that users can navigate their way and access the self service tools and resources without having to call our service staff."

~ Program Analyst

Government / Public Sector

Maturity Class Framework

The value of web analytics solutions is not in their ability to collect data, but to measure customer behavior which provides a basis for replicating success or driving change. Moreover, businesses must identify metrics specific to their goals and automate required actions when these metrics exceed thresholds. Aberdeen used key performance indicators (KPIs) to distinguish Best-in-Class including: ***process measures*** – quantify percentage of new visitors, track the average visit duration and determine the percentage of returning visitors, and ***quality measures*** – improvement in the average number of page views per visit, elevate customer conversions and increase the number of visits for existing customers.

"I've found it valuable to be in marketing as I can advise and ask for objectives, plan kpi's etc at the planning stage of web initiatives as opposed to at the tail end of a project when a site goes live!!"

~Web Analyst

It is important to note that additional – or in some cases alternative – KPIs are important to measuring and understanding specific business processes. The metrics displayed in this report are common to most companies and were selected for that reason. All companies should carefully consider KPI development and selection to ensure that the metrics capture data critical to specific business goals and objectives.

Table 1 summarizes the findings and defines "Best-in-Class performance" for this study.

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Table 1: Companies With Top Performance Earn "Best-in-Class" Status:

Definition of Maturity Class	Customer Lifecycle Stage	Mean Class Performance
Best in Class: **Top 20%** of aggregate performance scorers	**Attract**	• **75%** measure percentage of New Visitors • **83%** improved the Average Page Views per Visitor
	Convert	• **75%** measure Average Visit Duration • **68%** improved Customer Conversion Rates
	Retain	• **67%** measure percentage of Returning Visitors • **64%** improved the Number of Visits per Visitor
Industry Average: **Middle 50%** of aggregate performance scorers	**Attract**	• **55%** measure percentage of New Visitors • **35%** improved the Average Page Views per Visitor
	Convert	• **65%** measure Average Visit Duration • **24%** improved Customer Conversion Rates
	Retain	• **42%** measure percentage of Returning Visitors • **29%** improved the Number of Visits per Visitor
Laggard: **Bottom 30%** of aggregate performance scorers	**Attract**	• **45%** measure percentage of New Visitors • **0%** improved the Average Page Views per Visitor
	Convert	• **55%** measure Average Visit Duration • **0%** improved Customer Conversion Rates
	Retain	• **27%** measure percentage of Returning Visitors • **0%** improved the Number of Visits per Visitor

Source: Aberdeen Group, 2007

"My job is to look at analytics data from the customer point of view and to understand customer behavior on our web sites. Our most driving need is to understand conversions related to analytics and to perform funnel based scenario analysis. We know that a number of people start online applications and fewer finish. Our goal is to find out why they didn't finish, where they dropped off and what caused them to abandon the application."

~ Anonymous

Best in Class PACE Model

Best-in-Class use of Web Analytics contributes to all six of the key performance metrics cited in Table 1, each of which has a direct impact on the company's goal to improve the customer experience. Using Web Analytics to achieve that goal requires a combination of strategic actions, organizational capabilities and enabling technology that can be summarized as follows:

Table 2: Best-in-Class PACE Framework

Pressures	Actions	Capabilities	Enablers
Customers demanding an improved online experience	Measure marketing effectiveness Capture analytics data from all customer interactions Leverage online experience to drive new revenues	Provide relevant offers and promotions through dynamic content delivery Distribute customer profile and market segment data for behavioral targeting Perform multivariate testing to identify profitable paths and campaigns Gauge web site performance across multiple business functions	Real-time analytics data collection Conversion path analysis tools Content value analysis tools Marketing campaign management tools Customer segmentation tools (ad hoc and automated) Current vs. historic data comparison tools Web 2.0 behavior measurement tools A/B testing environment Self-service failure analysis tools

Source: Aberdeen Group, 2007

"Web analytics at its heart is an operational and strategic discipline. We use analytics across our value chain and functional areas of the business all across our organization. Different departments have custom views of the same analytics data, providing the context they need to do their best job. We use first party cookies, of course, to track visitors. For marketing, we calculate conversion rates, email delivery and behavioral data, ad clicks. In sales, we track leads and email and rss campaigns. Specific to editorial, we analyze content effectiveness to drive the "content agenda" and keyword buys. Web Analytics is crucial to the overall success of companies that want to succeed on the web"

~ Judah Phillips, Director Web Analytics

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Companies that seek to grow customers and generate revenue from their online brands are dedicating both finances and resources to the process. As stated previously, the value of analytics is not just in the measurement of the data but in the ability to act on the results. To do this, companies must dedicate resources to analyzing the data, trends and results. Keep in mind that this is no easy task, 28% of BIC respondents admitted that analytics data is difficult for them to interpret. Further, 17% claim that critical data or changes in metrics do not surface automatically. To this end, 27% of BIC companies are devoting full time staff specifically responsible for managing analytics and delivering the results to the right people within their organizations in understandable reports. Increasingly, companies are also looking outside their organizations and hiring consultants to help establish analytics programs and recognize returns on their technology investments.

"We get engaged once clients realize that they can't do analytics the way they have always done it – that's when they call us in. They've made significant investments in new technologies and come to the realization that they need help with the analytics. Most often with clients, we help them go back to basics to define KPIs and business processes. We ask the critical questions of how data will be collected and how results will be defined."

~Josh Manion, CEO

Stratigent, LLC

Aberdeen Insights – Strategy

Companies that invest in analytics platforms with the support of senior management have greater success in executing on their corporate goals. Currently 94% of Best-in-Class companies have executive level sponsorship or are in the process of gaining executive support to leverage analytics as a method to measure and manage business processes across their entire organizations. This is backed by 89% of BIC companies that currently apply or have initiated defined methods for evaluating analytics, such as established benchmarks and acceptable standards to align with their corporate goals. This level of top-down support reflects a corporate culture that promotes an understanding of marketing effectiveness and a unified goal of growing profits.

Early findings from the upcoming *Aberdeen Report* showed that, over half of the 1300+ senior executives surveyed, reported that analytics would be one of the top two technology investments supporting their Sales and Marketing efforts in 2007. Businesses now realize that analytics hold the key to identifying customer behavior and will use this intelligence to convert more customers and elevate the customer experience across all facets of their businesses.

"There is a large amount of education that still needs to occur throughout the departments (Its scary how often I'm still asked for "the number of hits on the site"), though I do have the backing of my director, and she does understand the whole concept, which is a relief."

~Jon Whitehead,
Web Analyst

In the next chapter, we will see what the top performers are doing to achieve these gains.

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Chapter Two:
Benchmarking Requirements for Success

Web Analytics capabilities provide a deeper understanding of customers both new and returning to help them sort through the vast quantity of choices available to them by narrowing the field. Analytics can be used effectively to monitor success of current and past events such as marketing campaigns, landing pages, site designs and ongoing promotions. This knowledge is available to 54% of all companies and 67% of Best-in-Class in real-time and must be applied to increase the chances of future success by driving change to manage success.

Case Study: Judah Phillips on Selecting a Web Analytics Vendor

"Vendor selection begins with determining which data collection model fits business requirements and the level of experience with the different data collection methods that will drive the decision. From my experience managing 100 sites, we have a great deal of existing data in log files, so we needed a hybrid model to combine log files and page tags. If we migrated to tags only, we couldn't necessarily leverage historic data or work with our existing structured data. Additionally, we know how to handle log files and we'd have to overcome some level of knowledge deficit to move to entirely to page tags. With our current vendor, we can handle both using business processes that we already know how to employ. And because we process logs, we have best of breed robots/spiders detection to maximize SEO.

For others, a key to vendor selection is using data collection models that are familiar to and comprehendible by internal staff and resources. That way, it ensures that the tool selected is wieldable and manageable. For sites that are migrating to a new system, pilot programs can serve as proof of concept, which enables the decision maker to audit multiple analytics technologies in order to make an educated choice. Sites might want to start with an On Demand model and then migrate to a licensed platform as cross channel integration and business process management initiative are identified."

Competitive Assessment

Survey respondents fell into one of three categories – Laggard, Industry Average, or Best–in-Class — based on their characteristics in five key categories: (1) process (ability to take actionable measures in response to changing KPIs without placing burdens on additional resources); (2) organization (corporate focus and collaboration among stakeholders with automated triggers); (3) knowledge (contextualizing analytics data and exposing data to all interested parties); (4) technology (selection or appropriate tools and intelligent deployment of those tools); and (5) performance management (ability of the organization to measure the benefits of

technology deployment and use the results to improve key processes further).

Survey results show that the firms exhibiting Best-in-Class characteristics also enjoy Best-in-Class performance (Table 3).

Table 3: Competitive Framework

	Laggards	Average	Best-in-Class
Process	Currently use or will use analytics to measure corporate goals		
	86%	**90%**	**89%**
	Analytics data currently Influences or will influence decisions across business units		
	73%	**88%**	**91%**
Organizational Structure	Multiple levels of management evaluate or are starting to evaluate analytics reports daily		
	56%	**69%**	**64%**
	Configure automated alerts or will do so when KPIs exceed thresholds		
	56%	**74%**	**71%**
Knowledge/ Data Management	Drill-down of data is currently available or will be available via self-service		
	65%	**87%**	**89%**
	Analytics data can be or will be available for export to other applications		
	73%	**92%**	**91%**
Technology	• **77%** Real-time analytics collection • **66%** Customer Segmentation • **81%** Campaign Management Tools • **59%** Web 2.0 Behavior Measurement • **68%** Conversion Path Analysis Tools	• **85%** Real-time analytics collection • **81%** Customer Segmentation • **85%** Campaign Management Tools • **62%** Web 2.0 Behavior Measurement • **74%** Conversion Path Analysis Tools	• **89%** Real-time analytics collection • **91%** Customer Segmentation • **100%** Campaign Management Tools • **77%** Web 2.0 Behavior Measurement • **85%** Conversion Path Analysis Tools
Performance Management	There is or will be direct accountability for variances in KPI metrics		
	63%	**78%**	**78%**

Source: Aberdeen Group, April 2007

In many cases, business Processes, Organizational Structure, Knowledge/ Data Management and Performance Management practices employed by Best-in-Class companies are also used by Average and Laggard companies as depicted in Table 3.

Yet, the delta between these groups widens with the use and adoption of Technology.

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Sophistication Drives Technology Demands

Increasingly companies are relying on Web Analytics as a foundation for interpreting customer actions and intentions across online and offline components of their businesses. Originally, log file analysis and page tagging provided web analysts the ability to understand who visited the web site, at what time, where they came from, what they did during their visit, and if possible, captured a unique identifier from the visitor to recognize them when they come back. Today many of these functions are free services enabling sites to initiate an analytics program and then use the knowledge gained from their experience with free services as a launching pad to pay services that offer greater functionality and analytics platform capabilities to deliver on a comprehensive marketing strategy.

Web Analytics platforms serve as a foundation for delivering a complete suite of marketing capabilities. Yet, even as companies get more sophisticated in their needs and demands for functionality from their analytics tools, their needs still revolve around the three key customer lifecycle principles that defined Best-in-Class.

"We had [Vendor Name] for a while but did not have goals set up so the metrics were not as useful as they might have been. One of my first objectives was to define several goals and use analytics to measure them."

~ Greg Moore,

Marketing Analyst

"Good analytics programs work with emerging technologies and are able to integrate with other projects. They are interoperable, portable, support open software standards, and have public API's to key interfaces to the system. In essence, they use XML. A company that foments a culture of data-driven analytics enables cross-channel integration of cutting edge technologies. And because, engineers and developers want to work with new technology, the best vendors help companies innovate and generate new value and incremental revenue."

~ Judah Phillips, Director Web Analytics

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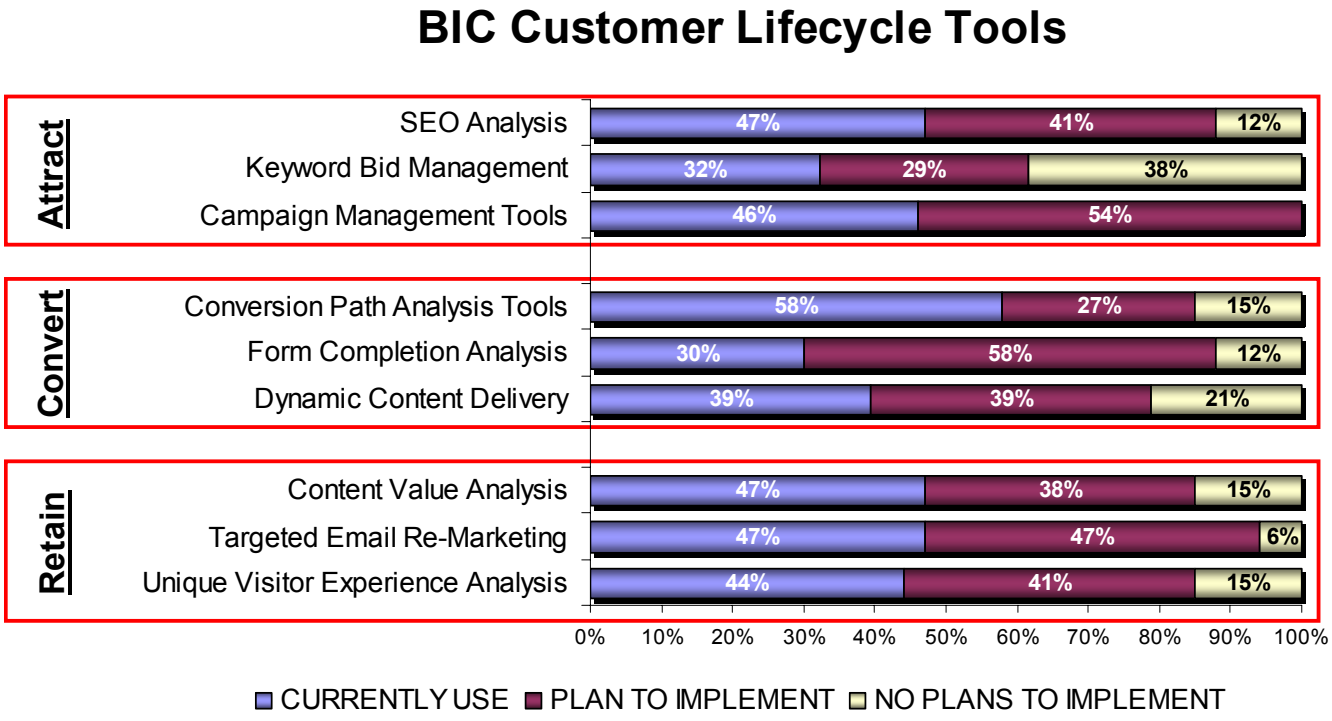
Figure 2: Best-in-Class Delivers Tools to Attract, Convert &



Source: Aberdeen Group, April 2007

Aberdeen Insights

The number one frustration for 53% of analytics users is that there are not enough resources dedicated to managing analytics. This is followed by 37% of the population who recognize that they are not maximizing the potential of the technologies that they currently possess. An additional challenge faced by 31% of all companies surveyed is the ability to convert KPIs from metrics to action items.

Best-in-Class companies are using tools to manage marketing endeavors such as campaigns, Search Engine Optimization efforts, keyword bidding, and email marketing just to name a few. As shown in Figure 3, Best-in-Class adoption of these tools is prevalent and planned adoption consumes nearly the entire group. Each of these tools enables online business to monitor customer activity and in turn, improve the online experience.

"We are working with our IT organization to ensure both IT and Business users have full access to the data and functionality available from our [Analytics Vendor]'s tools. For the most part, the tools have been used for classic IT functions, such as capacity planning, memory allocation and identifying bandwidth requirements. Agency business users, however, need better understanding of customer behavior and modern tools like [Analytics Vendor]'s products focus on these aspects of online analytics."

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Chapter Three: Required Actions

Whether a company is trying to move Web Analytics effectiveness from "Laggard" to "Industry Average," or "Industry Average" to "Best in Class," the following actions will help spur the necessary performance improvements:

Laggard Steps to Success

- ***Make Web Analytics an Executive Priority***

When senior management invests in analytics as a method to measure success and drive change throughout the enterprise, the initiative has a much better chance of succeeding. Tying compensation to these metrics is also a method currently employed by 24% of Best-in-Class, (which will increase to 59%) as a motivator to instill the importance of analytics across the organization.

- ***Create Awareness of Analytics Initiatives and Force Feed Data***

Only half of Laggard companies are likely to push analytics reports to multiple levels of management on a daily basis. Configure reports to arrive in the inbox of committed stakeholders so that recipients are comfortable reviewing the data and can identify when changes occur. An efficient process won't require daily attention by senior management, but when things go wrong a daily report will be invaluable in determining where the process failed and how to recover.

- ***De-Emphasize Focus on Revenue and Concentrate on Improving the Customer Experience***

Generating revenue is a top priority for nearly one-third of Laggards companies. Laggards must use analytics to identify effective customer attractors (i.e., campaigns), converters (i.e., promotions) and retainers (i.e., loyalty programs). Sixty percent of Laggards fail to monitor campaign effectiveness and 77% don't monitor conversion paths. Design a site that promotes a friendly user experience and revenue will be the end result.

Fast Facts

√ Best-in-Class companies adopt a Web Analytics strategy that measures the customer behavior at critical stages of the customer lifecycle and applies that knowledge on a predictive basis to drive results.

√ One-third of Best-in-Class are frustrated by a lack of Web Analytics standards for definitions on terminology and consistency of measurements.

"One of the most frustrating things is that there's no standard process to analytics. We pick up tips from various best practices, web forums and blogs, but there's no established blueprint for implementing an analytics program. It's more like a free-for-all with a grab bag of tips and techniques."

~ Marketing Analyst

Industry Norm Steps to Success

- **Enforce Accountability for KPI Variances**

Maintain a corporate culture of measurement and management based on analytics data and hold individuals accountable for changes in these metrics. Industry Average companies must enforce standard operating procedures that initiate action such as changing keywords, modifying landing pages or halting promotions when KPIs exceed specified thresholds. Accountable employees must have an executable plan to get KPIs back on track.

"I think that the value of having dedicated staff is becoming apparent to more and more key players, but that the full impact has not yet been realized. Obviously I promote the value wherever I can as it's my job on the line!"

~ Web Analyst

- **Analyze Customer Conversions Paths and Funnel to Completion**

Understand the percentage of customers converting on your web site and analyze profitable paths to conversion to funnel visitors accordingly. Less than half of Industry Average companies currently go through this exercise. As campaigns and content change, this requires a continuous process of measurement and management. Only 21% of Average companies use automated content delivery to influence conversions.

- **Segment Customers and Automate the Process**

Customer segmentation affects conversions and profitability by grouping visitors into segments that reflect their preferences and behaviors. Companies must deliver relevant content to the right customers based on their habits and the habits demonstrated by similar customer profiles. The segmentation process should be automated to deliver fast results without the need for human intervention.

Best in Class Steps to Success

- **Share the Data Across the Enterprise to Maximize Value**

Require managers from multiple levels within the organization to invest in analytics data and to make that data available for multiple uses. IT departments may derive value from tools that will also benefit marketing groups. Best-in-Class companies can maximize the value of their investments by sharing the data across business units and applications. Data accessibility also enables greater potential for the data to affect initiatives by feeding CRM

platforms, Sales Enablement tools and other enterprise applications.

- **Establish Methods for Quantifying Web 2.0 Behavior Measurement before Deployment**

Prior to launching content such as blogs, RSS feeds, Podcasts, Mashups or social networking features, determine what will be monitored and how results will be measured. Track effectiveness of new endeavors to determine their value and provide metrics to feed ROI calculations.

- **Showcase Analytics as a Platform for Marketing Success**

Greater than one-third of Best-in-Class companies are currently using their analytics solutions as integrated marketing platforms and this number will increase to 79% in the near future. Best-in-Class current and planned adoption of analytics capabilities such as: keyword bid management (61%), email marketing (86%), and SEO management (77%) is in the high double digits. These extended capabilities broaden the range of analytics customer understanding beyond the web and into the physical world to truly capture a 360 degree view of customer behavior.

"Web 2.0 is a hot topic for all of our clients right now. Even more so than with web analytics of traditional applications, you have to be extremely deliberate about planning definitions and establishing a methodology for how you will measure Web2.0 applications. There is a need to define specifically what the business goals of the application are so that companies can create a methodology for tracking."

~ Josh Manion, CEO

Stratigent, LLC

Aberdeen Insights – Summary

Web Analytics usage has achieved mainstream status, largely with the help of increasing sophistication, low cost entry services and industry advocacy. Given this range, analytics technology capabilities span from straightforward traffic monitoring (conducted by 93% of all companies), to using analytics solutions as integrated marketing platforms. The common denominator for companies using any form of analytics tool is to gain a better understanding of customers to attract more prospects, convert them to customers, and provide them with incentives to visit often.

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Appendix A:
Research Methodology

Between February and April 2007, Aberdeen Group examined the use of Web Analytics, the experiences, and intentions of more than 200 enterprises in a diverse set of corporate enterprises.

Aberdeen developed a stringent methodology to the benchmark study on Web analytics and applied the following factors:

Hypothesis

- Web analytics provides a window into online customer behavior, actions and intentions that can be harnessed to improve the customer experience and influence revenue.

Research Justification

- Web analytics solutions are widely available and possess vastly different capabilities
- Analytics solutions can affect customer acquisition, conversion and retention

Objectives – To understand:

- Marketing campaign effectiveness
- Best practices in analytics measurement and management
- Technologies deployed by leading companies

Aberdeen supplemented this online survey effort with telephone interviews with select survey respondents and industry professionals, gathering additional information on Web Analytics strategies, experiences, and results.

The study aimed to identify emerging best practices for Web Analytics usage and provide a framework by which readers could assess their own management capabilities.

Responding enterprises included the following:

- ***Job title/function:*** The research sample included respondents primarily with job functions of Marketing and Information Technology. Survey respondents represent the following job titles: Senior Management, C-Level

executive (19%); Vice President, Director (33%); Manager (20%); Staff (9%); and Consultants / Other (19%).

- ***Industry:*** The research sample included respondents exclusively from several industries including: High Tech/Software (28%); Retail (33%); Publishing/Media (12%); Finance (13%); and Public Sector (11%). Other sectors responding included Automotive, Computer Equipment, Consumer Electronics and Travel/Hospitality.
- ***Geography:*** The majority of respondents (69%) were from North America. Remaining respondents were from the Asia-Pacific region (11%), and EMEA (20%).
- ***Company size:*** Twenty-one percent of respondents were from large enterprises (annual revenues above US$1 billion); 23% were from midsize enterprises (annual revenues between $50 million and $1 billion); and 56% of respondents were from small businesses (annual revenues of $50 million or less).

Solution providers recognized as sponsors of this report were solicited after the fact and had no substantive influence on the direction of the Web Analytics Benchmark Report. Their sponsorship has made it possible for Aberdeen Group to make these findings available to readers at no charge.

Table 4: PACE Framework

PACE Key
Aberdeen applies a methodology to benchmark research that evaluates the business pressures, actions, capabilities, and enablers (PACE) that indicate corporate behavior in specific business processes. These terms are defined as follows: ***Pressures —*** external forces that impact an organization's market position, competitiveness, or business operations (e.g., economic, political and regulatory, technology, changing customer preferences, competitive) ***Actions —*** the strategic approaches that an organization takes in response to industry pressures (e.g., align the corporate business model to leverage industry opportunities, such as product/service strategy, target markets, financial strategy, go-to-market, and sales strategy) ***Capabilities —*** the business process competencies required to execute corporate strategy (e.g., skilled people, brand, market positioning, viable products/services, ecosystem partners, financing) ***Enablers —*** the key functionality of technology solutions required to support the organization's enabling business practices (e.g., development platform, applications, network connectivity, user interface, training and support, partner interfaces, data cleansing, and management)

Source: Aberdeen Group, April 2007

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Table 5: Maturity Framework

Maturity Framework Key
The Aberdeen Maturity Framework defines enterprises as falling into one of the following three levels of practices and performance: ***Best-in-Class (20%)*** **—** Web Analytics practices that are the best currently being employed and significantly superior to the industry norm, and result in the top industry performance. ***Industry norm (50%)*** **—** Web Analytics practices that represent the average or norm, and result in average industry performance. ***Laggards (30%)*** **—** Web Analytics practices that are significantly behind the average of the industry, and result in below average performance In the following categories: ***Process*** **—** What is the scope of process standardization? What is the efficiency and effectiveness of this process? ***Organization*** **—** How is your company currently organized to manage and optimize this particular process? ***Knowledge*** **—** What visibility do you have into key data and intelligence required to manage this process? ***Technology*** **—** What level of automation have you used to support this process? How is this automation integrated and aligned? ***Performance*** **—** What do you measure? How frequently? What's your actual performance?

Source: Aberdeen Group, April 2007

Table 6: Relationship between PACE and Competitive Framework

PACE and Competitive Framework How They Interact
Aberdeen research indicates that companies that identify the most impactful pressures and take the most transformational and effective actions are most likely to achieve superior performance. The level of competitive performance that a company achieves is strongly determined by the PACE choices that they make and how well they execute.

Source: Aberdeen Group, April 2007

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Appendix B:
Related Aberdeen Research

Related Aberdeen research that forms a companion or reference to this report includes:

- *Web Site Search: Revenue in the Results* (February 2007)
- *Web Personalization Hat Trick: Revenue, Loyalty & Conversions* (February 2007)
- *Business Intelligence in Retail Customer Management: Bringing Information Together to Build the Accurate Customer Profile* (December 2006)
- *Clicks to Customers: The Real ROI in B2C eCommerce* (December 2006)
- *Success Strategies in Leveraging Customer Intelligence* (March 2006)
- *Customer Intelligence: Converting Data to Profits* (December 2005)
- Web Analytics: Making Business Sense of Online Behavior (June 2002)

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