



# White Paper



## **Best Practices in Interactive Marketing** **Drive more value from your online presence**

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Web sites are the new front in the battle for customers and revenues. We've come a long way since the late 1990s, when companies scrambled just to get their online presence established, creating what was little more than an electronic brochure. Once online, many companies quickly saw the benefits and began reassessing their business plans with an eye toward giving their Web sites a greater role. E-commerce blossomed in this environment. Today, sophisticated Web capabilities—such as streaming videos, RSS feeds, and social networking applications—are providing even more opportunities to interact with site visitors and bring more business processes to the Web.

Progressive companies are rapidly adopting a Web-centric business model that is content-driven, collaborative, and interactive. They view their sites as multifeatured, interactive business applications that can attract viewers and retain customers through the use of site differentiation and personalization of content to fulfill their customers' needs. This transformation has taken many Web sites from a position of little or no strategic importance to full-blown business applications that in many cases are an organization's primary means of achieving their strategic and operational goals.

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In spite of this flurry of activity, the long-predicted evolution to a Web-centric business model has been a slow and bumpy road for most companies. Viewing the Web as a revenue-building asset seems to require a level of rethinking that is nothing short of a quantum leap. More than a decade

after the first browser was introduced, many marketers still don't see the online experience as a business process that needs to be managed or optimized. Yet, those that do have discovered the power of the Web to achieve a wide range of business goals in a manner that is less costly, faster, more effective—and often highly profitable.

Business goals for Web sites span a broad range of categories and purposes. Some companies use their Web channel to reinforce their brand—one face, one voice, everywhere. Others use the Web as a self-service portal to reduce the cost of customer service. Still others use the Web to drive direct product sales and lead generation. An example of a more specific application is a media site that offers content to generate revenue through advertising.

Whatever shape your Web-associated business goals take, you are working in a new marketplace with a new form of communications. Not surprisingly, exploiting the enormous opportunities represented by the Web requires new strategies, new processes, new metrics, and new technologies as well. This paper describes how progressive companies are merging best-of-breed Web content management and Web analytics technologies with a proven set of best practices to drive more value from their online presence.

Ask yourself, are you getting full value from your online presence? Does your Web site meet today's standards for high-quality, relevant, and engaging online experiences? Are you meeting your online business goals?

### **Challenges: What's standing in our way?**

According to key business journals, industry analysts, and a growing mound of anecdotal evidence, Web sites—and the organizations that run them—are falling short of expectations. One of our greatest challenges today is the increasing sophistication of Web site visitors, many of whom have used computers since they were toddlers. People in this category are highly engaged and expect value from their online experiences. While they have a very short attention span—advertisers now have less than three seconds to make an impact—they crave information. Doing business with this new demographic is made even more challenging by their high standards; they won't suffer poor service, information of low quality, or inconsistencies across different business channels.

As a result, if you want to drive more value from your online presence, it's no longer possible to gloss over the online experience. We simply can no longer get away with minimal standards, such as:

- Generating online offers, content, and experiences with a “one-size-fits-all” approach
- Deploying content that is not well described, lacks context, is out of date, or is of poor quality
- Delivering content or offers in a static form that is neither compelling nor relevant enough to engage the site visitor

In today's highly competitive, global environment, companies need to deliver nothing less than truly outstanding online experiences—which means high-quality, relevant content; intuitive design; easy-to-understand navigation; and engaging, compelling interactions.

A number of barriers prevent organizations from getting the most out of their online presence. These include a heavy reliance on IT, which often limits the business or organization from acting quickly to respond to new opportunities. The other overarching issue surrounds Web activity tracking, which is typically basic and lacks meaningful analysis. In an ideal world, marketing and business users can easily create and deploy the content, sites, services, and offers that make up a compelling online experience. They are also empowered to track and analyze that experience to glean and act on their insights to improve that experience.

### **Knowledge is power**

Web sites generate voluminous amounts of data. From the moment a visitor enters a Web site, every click is tracked as well as other relevant information, including the site the visitor came from, their location, and their browser type. Much of the data captured, however, is generic and raw, stored in Web server logs without being framed into an easy-to-use format for reporting and analysis. Early analytics technologies developed to mitigate these issues were stand-alone applications, isolated from the technologies that created and deployed the Web content, which hindered effective action.

Today, however, best-of-breed analytics offer powerful capabilities for overcoming these historical limitations. Sophisticated analytic solutions can transform raw data into information based on “key performance indicators” (KPIs) defined by business and marketing users, which are then used to analyze business-relevant data relationships. KPIs for an online retailer, for example, could include conversion rates for orders, average order values, and average revenue per visit. KPIs for customer support organizations, on the other hand, might emphasize average e-mail response time, customer satisfaction percentages, and form and download completion rates. Today, key performance indicators are readily available to marketing and business users in commonly used formats—such as Excel or PDF files—or as computer “dashboards”—without the involvement of IT.

Web analytics provide insight into the value and quality of a Web site's content by enabling you to view the behavior of your online visitors over time. This insight can be used to dramatically improve and continuously refine the online experience in real time. The results of doing this can itself be dramatic: increasing online revenues, creating competitive differentiation, or—for self-service sites, for example—cutting costs.

Companies are just beginning to realize that their Web sites represent an incredible wealth of data they can use not only to improve their business on the Web, but across all their channels. Think of the significant competitive advantage inherent in measuring and understanding thousands—even millions—of customer interactions. Then

think of applying that information to how you do business—everywhere.

The strategy for applying that information is segmentation: dividing your market into distinct subsets (segments) that are homogeneous. Segmentation variables are divided into several large “buckets.” Demographics identify name, age, gender, address, phone, e-mail, occupation, title, social class. Psychographics identify personality, values, attitudes, interests, and lifestyles. Behavior identifies actions and activities. Once we have a clear picture of a typical member of a segment, we can test multiple marketing strategies for their effectiveness on the segment.

### **Technology foundation: a new class of solutions**

Driving more value from your online presence through segmentation hinges on two core technologies: Web content management capabilities that dynamically deliver well-described, contextual content plus analytics technology that enables you to analyze the behavior of Web site visitors and identify areas of your site that are highly popular, need improvement, or are underutilized. Current best practices also prescribe empowering business users to create and manage customer segments and targeting rules to ensure that the most relevant messages are delivered at the most appropriate time.

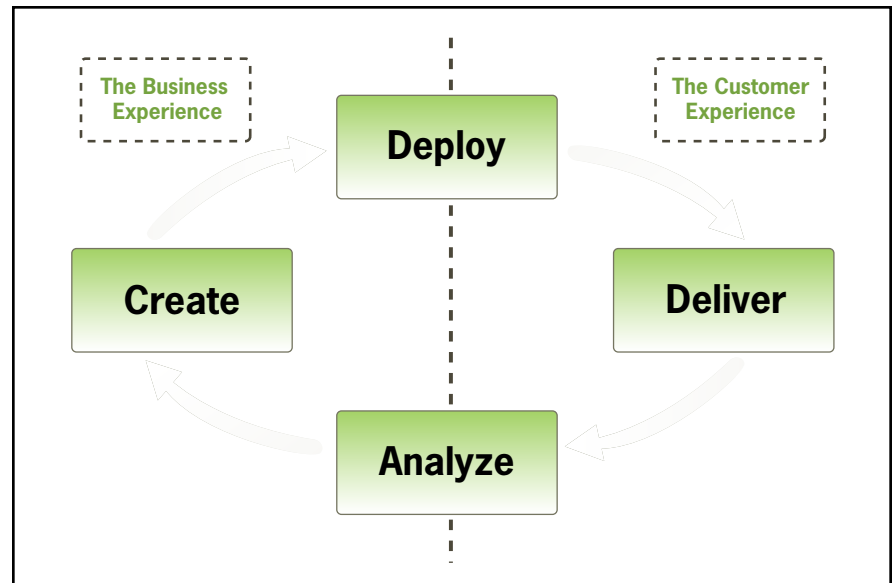
Many of today's segmentation solutions are costly to implement and needlessly complex, reducing adoption and usage.

*“The Interwoven solution incorporates a number of new elements that the interactive marketer can put to profitable use, including segmentation, targeting, and tracking capabilities as well as simplified processes that can be driven by marketing and business users—independent of their IT organization.”*

Many of today’s analysis solutions are poorly integrated, preventing users from leveraging the value of meaningful analysis through ongoing refinement of the online experience.

The Interwoven Segmentation and Analytics solution leverages Interwoven’s world-class Web content management capabilities as its foundation and includes an open framework for easily integrating best-in-class Web analytics offerings for closed-loop optimization. The Interwoven Analytics Framework enables businesses to measure the success of online campaigns and offers through a tight integration with analytics solutions, such as Visual Sciences’ best-of-breed Web analytics. The flexible architecture of this solution also enables the easy integration of other customer-intelligence applications, such as CRM systems. Interwoven’s Segmentation and Analytics solution incorporates a number of new elements that the interactive marketer can put to profitable use, including customer segmentation, content targeting, and site visitor tracking capabilities as well as simplified processes that can be driven by marketing and business users without ongoing IT involvement.

Interwoven’s Web content management capabilities and Visual Sciences’ analytics offering are both best in class. The two technologies have been seamlessly integrated via the open Interwoven Analytics Framework into a user-friendly solution that offers unparalleled capabilities (out of the box) for managing the interrelated steps that make up the interactive marketing cycle.



The Interactive Marketing Cycle

### Interactive marketing cycle

At a high level, the interactive marketing cycle can be separated into two areas: the business experience behind the firewall and the customer experience on your Web site—“at the glass.” During the first part of the cycle, the marketing or business users create content; create segments based on customer data; create targeting business rules; and then test the true look, feel, and navigation of the site before they deploy it. Deployment of the code, content, and configurations as the marketer has designed is automated, quick, and cost-effective. After deployment, the solution automatically and dynamically delivers

interactive and targeted content as defined and designed by the marketing or business user. During the final part of the cycle, data about behavior and campaign performance is delivered to marketing and business users in the form of key performance indicators. These users analyze the information, identify critical opportunities to improve the online experience or drive conversions, and then act on that insight. This is a closed-loop, ongoing process to optimize the site experience for customers.

## Retailer generates more transactions

*An online sporting goods retailer wants to improve sales in its Northeast region. The marketing department decides to test a new site version in which product shots are larger and a broader selection of related items is shown on each product page. Business rules direct half of all site visitors from the Northeast to the new version of the site and half to the existing site. By tracking the conversion rates of each group, a business analyst determines that the new site is generating more transactions, and the marketer makes the new site the default site.*

The interactive marketing cycle can be further broken down into nine specific, interrelated steps.

**1. Create sites and content** for specific sites, campaigns, promotions, or offers. This can involve creating different versions of sites or messages for different segments of visitors (often referred to as “a/b” or “multivariate” testing) to compare their business impact.

**2. Define segments** for groupings of customers or visitors based on a combination of value, demographics, psychographics, and other segmentation data as well as campaign objectives.

**3. Create content targeting rules** (business rules) for specific segments and areas of a site where you want to show different content.

**4. Test.** “Virtualize” each segment before you go live to ensure you don’t deliver the wrong content to the wrong site visitor at the wrong time.

**5. Deploy** sites and content to the Web.

**6. Deliver** targeted content to each customer or visitor based on the segmentation analysis.

**7. Track behavior** to determine which campaign brings them to the site and what they do once they arrive. Marketers can track a broad spectrum of data, including conversion rates, the path taken through a site, departure location, and more.

**8. Analyze content and campaign performance** to determine what is delivering the best results—which sites and content are most effective for each segment and how well the campaign as a whole is working.

**9. Optimize internal sites and content** based on analyzed data. Marketing and business users can take action immediately to improve the content or navigation without requiring IT.

### Creating and managing customer segments

Customers today want to be recognized and understood—they demand relevancy. Segmentation provides a way for marketers to speak to these groups of customers in relevant ways. As discussed, segmentation defines groups or “buckets” of high-value customers and visitors based on a combination of value, demographics, psychographics, and other customer data and campaign objectives. For example, airlines often use platinum, gold, or silver as classifications of different customers based on the number of trips or miles they have accumulated with the airline in a calendar year. They may also sub-segment by most popular routes flown, which airport

is “home” for a given set of customers, or other attributes that are easily identifiable.

These segment attributes provide commonality, enabling a marketer to create an offer that is more relevant and, therefore, has a higher likelihood of conversion. Nontechnical business personnel can create and manage customer segments based on existing customer attributes found in a customer data store such as LDAP, ADAM, or a CRM system. Interwoven also provides an out-of-the-box schema for creating and managing customer segments that can be leveraged and extended as needed.

## Insurance company maximizes conversion rates

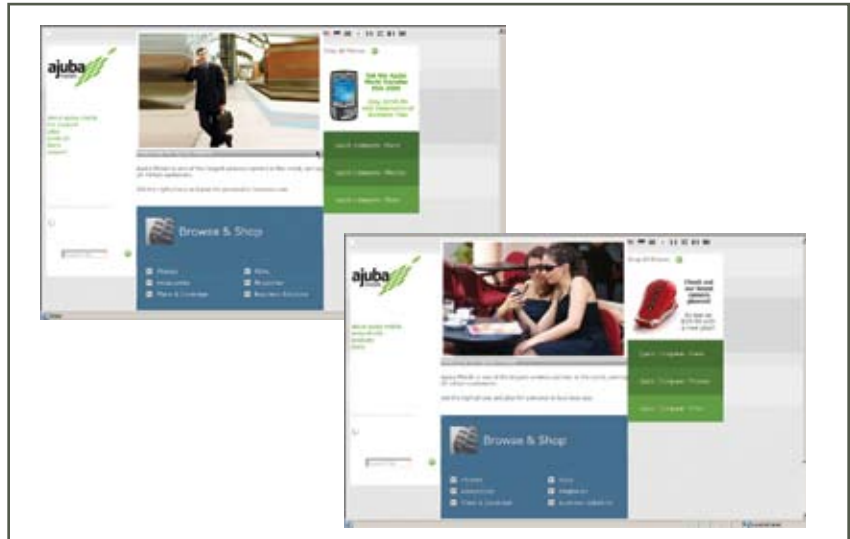
An auto insurance company places ad buys on major search engines. As users search for specific terms, they are funneled, based on keywords and other implicit data, to any one of seven versions of a microsite that features a quote registration form. As each customer goes through the form process, the company tracks their behavior and uses the analysis to optimize the messages as well as the quote form to maximize the conversion rates.

### Creating content targeting rules

Once measurable segments have been defined, targeting is the process of choosing which segments to address. This decision is often made on the size or value of the segment. Marketers will likely spend their limited budgets on the segments with the highest potential return on investment or conversion. Once the segments to target have been identified, marketers must design—or choose—the right type of offer or experience for the segment. Targeting rules, in short, provide the logic behind the scenes that enables the system to automatically push the right content or offers to a person relative to the segment in which they fall.

The challenge in working with targeting rules and segments is that they change continuously. Organizations often don't know how well a segment will respond to an offer, or they may want to change the attributes or members of a segment based on new information they have discovered. For this reason, targeting rules and segment definition must be flexible. Marketers need to be able to make changes on the fly to respond quickly to an ever-fickle audience and rapidly changing market dynamics.

From a process standpoint, rules creation and management capabilities of the Interwoven solution make it simple to identify and associate appropriate content, offers, and navigation for each identified segment. A simple-to-use rules engine facilitates the creation and management of unlimited content targeting rules for specific segments. Targeting rules are



Targeted content can be delivered to different user segments for a more relevant user experience

created and managed through an intuitive user interface using customer segments and a rule template to build unlimited, parameterized content queries. Rules are then associated by nontechnical users to sites and components and submitted through a testing and review process prior to deployment.

*By tracking behavior while targeting content, over and over, you've cracked the code for success in this new marketplace.*

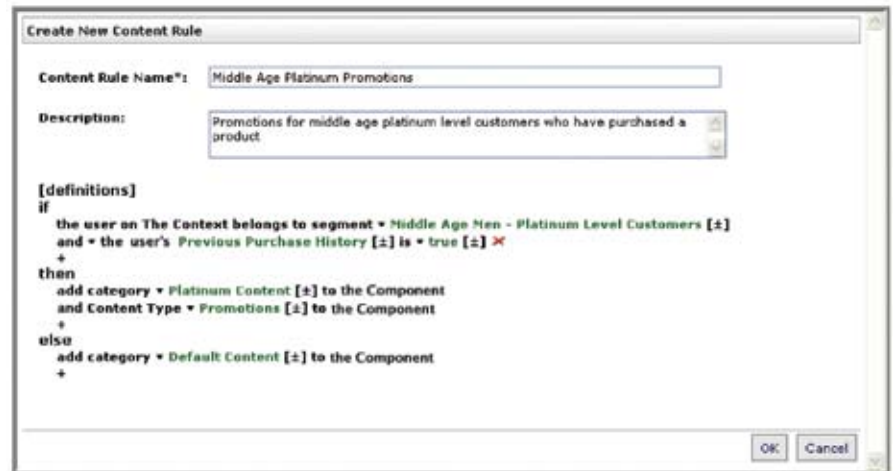
Preapproved rule templates provide attribute options to ensure the consistency and accuracy of the targeting rule management process. Rule templates can be extended or customized to map to specific business needs and to associate rules to sites and page components. After testing and review, the site is deployed to the runtime, where a dynamic rules engine works in concert with other Interwoven products to deliver a targeted experience for each visitor at moments of highest impact.

### Site navigation

Site navigation can be customized by visitor segment. When Interwoven's Segmentation and Analytics solution is combined with Interwoven TeamSite SitePublisher's drag-and-drop navigation capabilities, site owners can easily create custom site maps by segment. Its out-of-the-box schema and easy-to-use interface enable efficient management of site visitors and their attributes. The schema can be extended as needed to support specific business requirements. The entire site can be virtualized and previewed by segment prior to submission into staging and production.

### Tracking behavior and campaign performance

By integrating Visual Sciences analytics into its Segmentation and Analytics solution through the open Analytics Framework, Interwoven provides the foundation necessary to formalize the analysis and optimization process as a business practice. Ad hoc approaches, despite best intentions, miss many opportunities to allow data to drive insight and change.



Targeting rules ensure relevant offer or content delivery to the appropriate user segment

Web analytics provides actionable, up-to-the-second insight into online marketing performance and Web site visitor behavior. It is informed by a variety of data, including:

- Clickstream data
- Performance logs
- Customer "voice" (surveys and other forms of feedback)
- Usability testing
- Customer data
- Cost data
- Inventory
- Marketing spend

## Marketer increases effectiveness of newsletter

A marketer uses a template to create an email newsletter, which is then submitted through a rules-based targeting engine to deliver more relevant offers based on user profiles and preferences. As customers click on links within the newsletter, the marketer can determine which messages have been most effective and make incremental improvements for the following campaigns.

This raw data is captured by Visual Sciences analytics and transformed by business users into the specific data relationships that are relevant to the business or organization for particular customer segments (KPIs). The key to any metric for any segment is whether it is "actionable." Indicators that don't have the potential to drive action are of relatively low value because the whole point is to continue to test and refine marketing mix variables at the segment levels.

Key performance indicators vary according to business objectives. The tables that follow provide several samples of KPIs across several industries and applications.



Web analytics provide information on site visitors and click-through rates



## Newspaper uses analysis to place popular content

*A newspaper analyzes the popularity of specific content to ensure that the most relevant and compelling are placed in the most popular positions. It also overlays these statistics directly on top of its Web pages to quickly identify navigation trends between different sections of content.*

### Increase site “stickiness”

Site “stickiness” is one of the most important success criteria for Web sites. Stickiness refers to the ability to attain a high percentage of repeat visitors who are getting the information or service they need during each visit. Delivering information that is fresh, targeted, and relevant on a site that is easy to navigate is the key to site stickiness. Analytics help marketing and business users identify the content on your site that is the most relevant and compelling. Multimedia reports are available to track the popularity of video streams, RSS feeds, podcasts, and Flash ads. Understanding how your visitors interact with your site will enable you to provide them with content they are interested in—and keep them coming back for more.

### Increase your reach

In addition to delivering content that is fresh and compelling, you need to make it easily accessible to all your visitors. Equipped with Web-enabled wireless phones, visitors can now access your site anytime, anywhere.

Web analytics enables you to acquire rich information about visitors who access your Web site through mobile devices. You can also segment mobile users to better understand their unique navigational and content preferences.

### Increase registrations and subscriptions

Increasing subscriptions is a popular goal for many media and lead-generation Web sites. Subscriptions help generate revenue

Sample key performance indicators	
<b>Online Retail</b> <ul style="list-style-type: none"><li>Order and buyer conversion rates</li><li>Average order value</li><li>Average revenue per visit</li><li>Ratio: new/returning visitors</li><li>New/returning conversion rates</li><li>Home/key landing page “stickiness”</li><li>Search-to-purchase conversion rate</li><li>Percent “zero result” searches</li><li>Top campaign lead generation rates</li></ul>	<b>Marketing/Lead Generation</b> <ul style="list-style-type: none"><li>Lead generation conversion rate</li><li>Average email response time</li><li>Average cost/revenue per visit</li><li>Average visits per visitor</li><li>Percent time spent in visits</li><li>Percent visitors in targeted segments</li><li>Home/key landing page “stickiness”</li><li>Cart/checkout completion rates</li><li>Percent “zero result” searches</li></ul>
<b>Branding/Advertising</b> <ul style="list-style-type: none"><li>Average page views per visit</li><li>Average cost/revenue per visit</li><li>Percent frequency of visits</li><li>Average visits per visitor</li><li>Ratio: new to returning visitors</li><li>Percent time spent in visits</li><li>Percent click depth in visits</li><li>Percent visitors using search</li><li>Subscription conversion rate</li></ul>	<b>Customer Support</b> <ul style="list-style-type: none"><li>Average email response time</li><li>Percent low/high customer satisfaction</li><li>“Information find” conversion rate</li><li>Percent visitors using search</li><li>Percent visitors in targeted segment</li><li>Percent click depth visits</li><li>Form and download completion rates</li><li>Percent “zero result” searches</li></ul>

and build up prospect lists. Subscriptions also allow subscribers to become part of a community that receives highly relevant information, increasing their propensity to return to your site. By continually optimizing your registration form, you can continuously increase the number of new subscribers. Visual Sciences analytics makes it easy to identify fields where visitors drop out, pages that cause issues for visitors, and where visitors exited the Web site.

### Bottom line

Many companies have deployed Web sites for customer support and other self-service venues to defray rising costs. What companies are now realizing is that their online presence also represents a growth opportunity. For interactive marketers, driving revenue growth by creating a more compelling online experience is the new gold standard.

## New design of promotion increases conversions

*A provider of Web meeting applications wanted to increase conversions on its 14-day free trial. The company conducted real-time testing of two different versions of the promotion to compare the effectiveness of different design and promotional elements. The most effective site was deployed and the number of conversions immediately increased.*

The ability to drive more value from your online presence can be reduced to three fundamentals:

- The ability to dynamically deliver targeted content and experiences
- The ability to analyze and act
- The ability to act quickly without undue reliance on IT

Leading companies have already deployed these fundamentals and are growing their profits faster than those who haven't. By tracking behavior while targeting content, over and over, you've cracked the code for success in this new marketplace. The Interwoven Segmentation and Analytics solution empowers this closed-loop optimization process by providing organizations an easier way to manage the customer's online experience and drive top-line revenue growth.

### About Interwoven

Interwoven is a global leader in content management solutions. Interwoven's software and services enable organizations to effectively leverage content to drive business growth by improving the customer experience, increasing collaboration, and streamlining business processes in dynamic environments. Our unique approach combines user-friendly simplicity with robust IT performance and scalability to unlock the value of content. Today, over 3,800 enterprise and professional services organizations worldwide have chosen Interwoven, including adidas, Airbus, Avaya, Cisco, DLA Piper, the Federal Reserve

Bank, FedEx, HSBC, LexisNexis, Microsoft, Samsung, Shell, Samsonite, White & Case, and Yamaha. More than 19,000 developers and over 300 partners enrich and extend Interwoven's offerings. To learn more about | [www.interwoven.com](http://www.interwoven.com).

### About Visual Sciences

Founded in 1996, Visual Sciences, Inc. (formerly known as WebSideStory, Inc.) (NASDAQ: VSCN) is a leading provider of real-time analytics applications. The company's analytics applications, based on its patent-pending on-demand service and software platform, enable fast and detailed analytics on large volumes of streaming and stored data. More than 1,570 enterprises worldwide rely on the answers delivered by these applications to provide them with actionable intelligence to optimize their business operations. The company provides real-time analytics applications for Web sites, contact centers, retail points-of-sale, messaging systems, and the intelligence community. Visual Sciences' flexible technology platform, Visual Sciences Technology Platform 5™, allows the company to rapidly introduce tailored solutions to meet its clients' needs. Visual Sciences is headquartered in San Diego, California, and has East Coast offices in Herndon, Virginia and a European headquarters in Amsterdam, The Netherlands. For more information, contact Visual Sciences. Voice: 858.546.0040. Fax: 858.546.0480. Address: 10182 Telesis Court, 6th Floor, San Diego, CA 92121. Web site: [www.visualsciences.com](http://www.visualsciences.com). Visual Sciences is a registered trademark of Visual Sciences, Inc.

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