

Big Data, Little Data

Why Businesses Need
Google Analytics



LocalDirective™
We Mean Business
MORE

550 North Reo Street, Suite 300

Tampa, Florida 33609

1-866-925-9524

www.LocalDirective.com

Email: GetStarted@LocalDirective.com

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Table of Contents

Introduction.....	1
Data Analytics – What Different Analytics Mean	1
Descriptive Analytics.....	2
Predictive Analytics	2
Prescriptive Analytics.....	2
Web Analytics – Making Better Business Decisions	3
Know Your Audience Better	3
Analyze the Behavior of Your Audience	3
Analyze Your Marketing Campaigns.....	3
Track Your ROI.....	4
Data-Driven Decision Making.....	4
Google Analytics Works	4
How It Works At a Conceptual Level	4
How Data Is Gathered.....	5
How to Use Your Google Analytics Effectively	5
Strategic Planning.....	5
Prepare Data	5
Google Product Linking.....	6
Cost Data Import	6
Set Goals	6
Google Analytics at Work – How to Improve Business Results	7
Drive Higher Conversion Rates.....	7
Know Your Popularity Among Your Visitors.....	8
Know What Is Not Working For You	8
Know the Content That Works for You.....	8
Timing your Marketing Campaigns.....	9
Conversions per Channel and CPA	9
Conclusion	10

Big Data, Little Data: Why Businesses Need Google Analytics

Introduction

Ever since Pizza Hut first offered online ordering in 1994, businesses have been vying for customers' ever-increasing online-buying dollars.

Amazon started selling books online in 1995, with stunning success. For others, it has been more than challenging to discover how to capture maximal traffic with minimal spend.

Simply having a website is no longer good enough. It's necessary to learn about your audience by tracing their paths to find out what they're up to. This way, you can learn how your potential customer thinks, the routes and devices used, and how they are interacting with your pages.

Then, you can adapt all your marketing activities and resources to ensure the most success.

The best way to understand your customer's behavior is by quantifying his actions, which generates business intelligence. Analytics helps to understand your customer's journey by capturing various data points.

While there are many tools on the market able to help measure and understand web analytics, Google Analytics remains one of the most productive web analytics platforms.

Daisy Downs, Chief Marketing Officer at Urbansitter, said, "Google Analytics has reduced our customer acquisition costs by 30%. Our media spend goes right to our best-performing channels."

Let's examine the increasing importance of analytics in business decision-making and specifically how Google Analytics can help you in this process.

Data Analytics – What Different Analytics Mean

The primary goal of analytics is to measure the progress of your business and to improve it. Analytics provides an effective way to measure the success and failure of your efforts. It helps you keep track of various business objectives and the progress made in achieving those objectives. While implementing data analytics, it is important to understand different types of analytics and their roles in the decision-making process.

Descriptive Analytics

Descriptive Analytics are the simplest form of analytics. The purpose of descriptive analytics is to answer the question: “What Happened?”

Once you put your marketing strategies to work, descriptive analytics help you understand your efforts and relate them to what is working and what is not working. Descriptive analytics are executed regularly at the conclusion of a campaign to measure its effectiveness. It helps to establish the relationship between your customers, your products or services and your business objectives. In learning from past behaviors, you are more able to influence future outcomes.

Predictive Analytics

Predictive Analytics is the next step of analytics. This set of analytics is about understating past data and then predicting future outcomes based on that data. Predictive analytics utilizes a variety of data mining and statistical and data modeling techniques to study the patterns of historical data.

It can be used for a wide variety of business areas, including such aspects as predicting how a particular customer might behave, forecasting the demand of certain products or services, or determining how successful a particular marketing or sales strategy might be.

The important point to understand is predictive analytics will tell you “what might happen” not “what will happen”. Predictive analytics can only provide an estimation regarding the likelihood of a future outcome. The volume of data also plays an important role in effectiveness of predictive analytics. Higher volumes of data results in better predictions.

Prescriptive Analytics

Prescriptive Analytics is the most advanced set of analytics. Prescriptive analytics combines both descriptive and predictive analytics to not only predict a future outcome, but also to predict why a particular outcome might occur, including insights regarding necessary actions to take as a result of these outcomes.

Prescriptive analytics allow companies the opportunity to assess a number of possible outcomes and to recommend subsequent actions. With this ability, prescriptive analytics can have a huge impact on business and how decisions are made. However, prescriptive analytics is still in its infant stage. Also, provided the complexity and cost involved, not many businesses currently implement prescriptive analytics.

While analytics do provide several advantages, it is important to assess the implementation process with a systematic approach in order to make most of it.

The analytics journey of any business starts with implementing descriptive analytics followed by predictive analytics. The maturity of your analytics team in converting the insights of descriptive analytics to actionable advice paves the way for predictive analytics. The key lies in understanding the importance of descriptive analytics and how to use them in deriving the required business intelligence.

Web Analytics – Making Better Business Decisions

Web analytics, which are mostly descriptive in nature, have a basic purpose, which is to record and track the users' behavior on your website. It is an integral part of any digital marketing plan. Web analytics helps track the digital footprint of your customer through the sale process. It helps to understand how customers are discovering your website and define the characteristics and engagement levels of the customers who have visited your site through various channels. The parameters measured by web analytics can help you understand the various steps of progress made towards your business objectives.

Know Your Audience Better

Web analytics help to better understand your visitors and to create basic segmentation. You can keep track of the number of visitors coming to your website, which includes the number of returning visitors you are attracting. You can also track the basic information on the demographic spread of your visitors, such as the location they are visiting from. This can help you to recognize trends in the consumers' demographic split. Data, like the browsers your visitors are using, and the number of mobile users, also provides required inputs on how to create testing plans for your website for cross-browser and cross-device functionalities.

Analyze the Behavior of Your Audience

Web Analytics can help you better understand the behavior of your visitors which will help you to define the characteristics of your target segments, by measuring and analyzing:

- Your site's content effectiveness based on parameters, such as number of pages per visit and time spent on the site.
- The pages which attract more customers.
- Conversions from various channels to define how visitors from various acquisition channels behave.

This helps to define the buyer personas.

Analyze Your Marketing Campaigns

Web analytics helps you to track, analyze and measure the success and failure of your various marketing campaigns. It helps you to see whether your visitors are following the funnel you've created and, if not, allows you the opportunity to make any necessary corrections. You can also look at the correlation between your marketing campaigns to analyze the correct marketing mix for your product or service.

Track Your ROI

ROI (Return on Investment) is an important metric in determining the success and failure of a marketing campaign. Web analytics can help you track your ROI. By tracking the conversions through various channels, you can also calculate the cost per acquisition through each channel. If you have an ecommerce website, you can also track the average order value per acquisition channel, helping you to analyze how your investment in each of these channels has helped your business.

Data-Driven Decision Making

The major advantage of web analytics comes in the form of data-driven decision making. By using insights gleaned from the web analytics platform, you are no longer making assumption-based changes to your website or marketing strategies. Web analytics gives you the power to understand exactly what happened with regards to your website and marketing campaigns. This helps you understand the factors which worked and the factors which did not work. This insight will enable you to make necessary changes to your website and marketing campaigns, thereby increasing their efficiency.

Google Analytics has been one of the most trusted and widely-used web analytics platforms. Apart from being free, Google Analytics is easy to use, highly accurate and provides in-depth analysis.

Google Analytics Works

How It Works At a Conceptual Level

Google Analytics offers robust digital analytics for anyone with a web presence – large or small. In short, it provides insight into how visitors are using your website. Simply set up an account, add a few lines of JavaScript to your site, and you'll be witnessing visitor traffic in a flash.

On a more conceptual level, Google Analytics provides the “what” to the questions you seek. But, it doesn't always give you the “why” or the “how”. That's where the human eye and intellect comes into play.

Nowadays, the Internet is the utmost necessity in the modern business environment. Consumers have exceptional connectivity to the web at all times. Any business that is not accessible on mobile devices is likely losing customers. But it's not enough to simply frame a website that is perfectly optimized for mobile devices. Small businesses need to know how the site appears in search engines and how, exactly, the site is benefitting the business. Understanding that is as essential as decorating the front of your physical store to draw foot traffic.

Google Analytics is a strong tool that provides tons and tons of data to help business owners gain a better understanding, which enables them to make appropriate decisions.

How Data Is Gathered

The data that Google Analytics uses to provide all the information in your reports comes from three sources: HTTP request of the user, Browser/system information and First-party cookies.

The HTTP request for any web page holds details about the browser and the computer making the request, such as the hostname, the browser type and browser language. In addition to that, the DOM of most browsers provides access to more-detailed browser and system information, like Java, Flash support and screen resolution. Analytics uses this information in framing reports like Map Overlay, Browser, and Referring Sites reports.

Analytics also sets and goes through the first-party cookies on your users' browsers in order to acquire user session and any ad campaign information from the page request. Google Analytics Tracking Code also scans the double-click cookie to inform Google Analytics about display advertisers.

When all this information is fetched, it is sent to the Analytics servers in the form of a long list of parameters fastened to a single-pixel GIF image request. The stored data in the GIF request is then sent to the Google Analytics servers, which gets framed and ends up in your reports.

How to Use Your Google Analytics Effectively

Strategic Planning

Data is the biggest asset when developing actionable business intelligence. Ensure that you set a business vision which encompasses all your organization's department activities. Make sure you list all your customer touch points – how customers interact with your business using different mediums and how the customer data is exchanged during the sales process. Define the KPIs which translate your business vision along all these various touch points.

As a business unit, identify the purpose of all of your web pages. For example, a product or service company might be interested in driving more request for information from form submissions. Or an ecommerce company may want to increase orders.

Identify and document the outcomes you want your website to deliver. Also identify the funnel you want your users to go through during the conversion process. This will help you to define your funnels and goals in Google Analytics. Though Google Analytics is capable of capturing many data points, it is up to us to design the reports which will enable us to get the required information easily and efficiently. A well-defined strategy can help us better define the custom reports which can make the required KPIs always available at finger tips.

Prepare Data

The most important step in setting up your data in Google analytics is to exclude the internal traffic from the Google analytics data. If you are not excluding this traffic from your Google analytics, it will inflate your numbers and will also negatively skew your conversion data. You can exclude a single IP address or a range of IP Addresses in your Google Analytics using filters. You can set these filters in the admin section of Google Analytics.

The advanced segments feature of Google Analytics will also help you separate your traffic based on geography, demography, technology, behavior, date of visit and traffic sources. You can create various views to all your Google Analytics standard and custom reports which match specific criteria. You can also create custom segments for traffic from social networks and other traffic sources to analyze how your users behave.

Google Product Linking

Each individual product has different properties. Google Analytics can act as a central data repository for the data from all the Google services. By linking your analytics account with other Google product or services accounts, you can import the required data points to your analytics account. You can link your Google Webmasters tools, Ad words account and AdSense account to your analytics account. By establishing this relationship among these various Google products, you are able to analyze all the data points using a single platform. You can find the product linking summary in the property column of the admin section in Google Analytics. The integration should also be carried out under a special set of constraints.

Especially, linking your Google analytics account with your Adwords account can help you in understanding the customer behavior in totality. In the Adwords reports section of Google Analytics, you can see ad performance and correlate it with the site performance data.

Cost Data Import

Integration of Google Adwords with Google analytics enables you to analyze the ROI of the paid advertising campaigns being run with Google. However, you may also run many other campaigns through Facebook, LinkedIn, and Twitter or through other search engines. It is also important to understand the performance of all these various marketing campaigns and to calculate the ROI of all these campaigns. The Cost Data Upload feature of Google Analytics allows you to import the extra data belonging to your non-Adwords paid campaigns. This can help you to evaluate the performance of all your paid campaigns, compare the CPA and ROI of these channels within the Google analytics platform.

Before implementing this feature, you have to first ensure that you have defined the required tags for each of the traffic sources. You should also setup custom data sources in the analytics platform. Each custom data source is assigned a unique ID by Google analytics to ensure that the data is mapped accurately.

Once you setup these parameters in you analytics account, you can download the cost data from various paid campaigns. The next step is to ensure that you format the downloaded data to be in sync with the data upload requirements of the Google analytics. Once these steps are completed and the data is successful mapped and uploaded to Google analytics, you can start analyzing these data points using the cost analysis report in Acquisition section.

Set Goals

Defining goals to track the progress of business objectives is a fundamental aspect of every strategy and business activity. Goals measure how well your actions are performing against the business objectives you have set. Google Analytics allows you to define various types of goals to analyze the performance of your website against your business objectives. They can be applied to specific pages or screens visited

and viewed in a session, how long they stay on your website, and the number of form submissions, among other things. You can even assign a monetary value to every goal to see the value of that conversion to your business.

The goals for any business can be differentiated as micro goals and macro goals. A macro conversion is the desired end action by your website visitor. Submitting a contact form or making a purchase are some of the examples of macro goals. However, there are several interactions and touch-points with the customer before the actual conversion. The steps taken by customer which lead to a conversion are defined as micro goals. The common examples are newsletter sign-up, white paper downloads, likes and share on social media, etc. As mentioned earlier, during the strategic planning stage, you have to decide on the macro and micro goals to track using Google analytics.

Google Analytics at Work – How to Improve Business Results

When do you consider your investment on a website worth the effort and money? When do you reap the maximum rewards from the digital marketing efforts? Both questions point to the same answer: when you have a website that converts.

Having said that, it is really not that easy to achieve that nirvana state for your website. It is every marketer's dream to design a campaign or a website with massive appeal to the target audience and exceptional conversion rates. More often than not, however, there will be tweaks and iterations to get to a marketing piece that attains its highest performance. There are several factors you will need to consider to achieve higher conversion rates. There are several micro conversions in the process of achieving the macro conversion – higher conversion rate. Here are few of the aspects which can be used to increase the overall business performance using the inputs from Google Analytics.

Drive Higher Conversion Rates

The engagement of website visitors drives the conversion rate. Time spent is considered to be directly proportional to engagement levels and is often considered an important analytic metric. An analysis must be made as to whether or not time being spent on the website is helping the visitor move through the conversion funnel quickly and efficiently. This can be done by analyzing the pages per visit along with the time spent on the website. These two factors often indicate fruitful engagement levels rather than just higher engagement levels.

The effectiveness of a digital ad is often measured using the click-through rate. This helps to analyze the effectiveness of a specific ad to drive traffic to the website. It also helps to analyze the relevancy of the content being displayed in the ad. However, a click-through rate only helps to analyze the interest being generated by an ad.

Once the interest is created, it is important to sustain it and to convert the lead to generate business. Measuring the bounce-rate of the landing page helps in this aspect. It is an indication as to whether the traffic being generated is being redirected to a correct page or not. By assessing both these metrics in union, you can not only create an effective ad but also design higher converting landing pages for the ads used.

Know Your Popularity Among Your Visitors

The most common metrics every Google analytics user observes are traffic related. Measuring traffic in the form of visitors – including both unique and returning visitors – by their source, is an important part of assessing the performance of your website. Traffic-related metrics give an assessment of your website's popularity. The most commonly used metrics are:

- Total visits
- Bounce Rate
- Average Time Spent on the website
- Pages per Visit

These metrics, when studied in isolation might give you deceiving perception. For example, a higher number of total visits to the website when studied in isolation means you have high traffic. But having a higher traffic does not necessary mean higher conversion and higher revenues. So it is always important that you read these metrics in tandem. You have to know how these metrics are aligned to your business needs.

Maintaining the visitors' interest levels is as important as driving higher traffic to your website. The bounce rate explains the percentage of people who have shown very low interest levels in your website. So ideally, you want to maintain higher total visits, low bounce rates, high average time spent on the website and higher average pages per visit (depending on your site architecture). So once you know how your website is faring within these parameters, you can better understand what is working and what is not working on your website, and then respond by making the necessary changes in order to drive higher conversions.

Know What Is Not Working For You

Once you understand the initial behavioral patterns of your website visitors, you have to start looking for the pages which have high drop off rates. Analyze your funnel to understand the drop-off rates of your visitors on each page. This leads to identifying the pages which need immediate attention. Similarly, analyze your exit pages to determine the pages which the visitors exit the most. This parameter, when read along with the time spent on the website, gives you more information concerning the content that is not working for you.

Pay attention to the type of content being displayed on such pages to analyze the type of content that is not really popular among your visitors. Also, look for more information in terms of how visitors from various marketing channels are responding to similar content on your website. This can help you understanding any underlying trend specific to a traffic channel or it is a phenomena across all the traffic sources. This marks the completion of your problem statement. Now you know the bounce rate on your website and underlying reasons for people leaving your website earlier than you like. So, once you define the problem statement, it is time to look for the solution.

Know the Content That Works for You

Analyzing the popular content and pages on your website can provide information regarding the changes you must test. You wouldn't want to randomly test a new headline, a new color scheme or try new images. Random testing often leads to wasted effort both in terms of time and money. In order to avoid such pitfalls, understand the elements that are working for you in the higher conversion pages.

Apply and test those aspects on the pages with lower bounce rate. Also, analyzing the popular content on your website will provide insights as to what your visitors would love to read. This helps to refine your message on the pages with high drop-off rates.

Once you analyze the content, it is time to analyze the traffic sources and behaviors – both for unique visitors and for returning visitors. Look for popular content among the returning visitors to understand what prompted them to come back to your website. Correlate this information with the traffic source to evaluate which traffic source produced traffic with higher returning visits and which one produced traffic with lower returning visits. This exercise will not only help you to understand the popular content, but can also help you to ascertain the market channels that work best for you.

Timing your Marketing Campaigns

Specific traffic patterns are identified with periodic traffic metrics, including daily traffic, weekly distribution and monthly distribution. Patterns, such as increased traffic during a specific day of the week, or time frame, should be identified and documented.

This data ought to be read in conjunction with data from various other sources to identify reasons for the increased traffic during the identified periods. It can also be used to identify the correlation among the marketing channels. For instance, a social post can increase your traffic through social channels and might also result in increased traffic through organic channels. Adding these extra dimensions of periodic traffic and traffic sources will provide more insights.

Conversions per Channel and CPA

Businesses rely on various marketing channels to acquire new customers. Over-reliance on a single marketing channel may exhaust the source after a period of time resulting in reduced lead generation. Conversions-per-Channel is often used as a metric to assess the performance of various marketing channels. It helps when analyzing the number of leads being generated and converted from each marketing channel.

How can optimal traffic sources and marketing efforts be determined? Through various traffic source analysis. However, Google analytics by default uses the last click attribution model and assigns the conversions credit to the last channel the visitor used during the conversion. This undermines the role of other channels in the conversions process and also often leads to sub-optimal spread of marketing spent across all the channels.

It takes a lot of time and effort to create a dominating presence in a marketing channel and to generate sustained lead flow through these channels. Businesses must consider the cost involved in marketing through these various channels. It is best to study the cost-per-acquisition of a lead, as well as the conversions-per-channel, to assess the performance of these marketing channels. Adding this new dimension helps to identify the most cost-efficient marketing channels for your business.

Conversion through various channels and assisted conversions should be read in tandem. This helps to understand the importance of each individual marketing channel in the conversion process. It also helps to identify the channels which help best to initiate a conversion, and channels which help to engage visitors during conversion process. Correlating these two data points ensures all marketing channels are assigned their due credit and all efforts are distributed accordingly.

Conclusion

Identifying the correct data points plays a major role in the initiation of your data-driven marketing efforts. After identifying your data points – which are the most important available data variables – you must reduce them into measurable indicators which will be able to provide instant insights.

Tracking, analyzing, and then responding are the keys to success to any marketing activity. In order to define your parameters, you will need many data points. Web analytics are built around this concept. They help you to measure your marketing performance both on individual channels and on cross-channel marketing. Ultimately, effective use of marketing analytics yields a positive synergistic cycle that leads to an increasingly-effective marketing capacity within your business and an improved ROI for marketing spend.

Technology has not only opened many new avenues to reach your target audience, it has helped track their digital footprint. This ability to quantify every action being taken by a potential customer means you now have the ability to take action and to make the necessary modifications in the way you interact with your customers.

Google Analytics has helped businesses by providing access to large amounts of user-related data. By analyzing these data points, you can create an effective data-driven marketing plan.

Your access to this useful data does not necessary mean that you will benefit. You have to understand that every number has a story to tell. It is up to you to read that story correctly – especially, regarding metrics. The more dimensions you add to them, the more powerful your insights will be. Your level of expertise will play a major role in determining the success of your data driven marketing strategy.

The certified analytics team at LocalDirective has achieved the level of expertise that is critical to distinguish you from your competitors. Now is the best time to learn more about how LocalDirective can turn you into an industry leader. Call today, toll-free at 1.866.925.9524.

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