

THE RETAIL BULLETIN

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Web Analytics Provide a Wealth of Customer Information

Imagine being able to read your customers' thoughts - to understand how they view your products, how they navigate your stores, and how they make buying decisions. Now imagine being able to do all this in real time - to identify trends instantly and adapt your strategies accordingly.

No, this isn't science fiction. It may not be possible to read customers' minds, but the latest crop of Web analytics tools comes remarkably close. Companies like WebSideStory, Coremetrics, WebTrends and Omniture offer systems that can tell you where your online customers came from, what they're looking for, how they're traveling through your Web site and what they're buying.

Web analytics can help you evaluate the effectiveness of marketing campaigns and identify problems with your site that make it difficult for customers to find what they want. It can help you fine-tune keyword-based ad programs, such as Google AdWords, to make sure they're driving the right customers to your site.

You can also use the information generated by Web analytics to improve performance at bricks-and-mortar stores. Famous Footwear, for example, uses WebSideStory's analytics software to track and analyze how customers use its online store and then coordinates that analysis with its print ad campaigns. If certain products are generating significant online traffic, the company forwards the data to its 900-plus stores so they can highlight those products in their displays. The company says that sales are up 15% to 20% for products identified in this way.

Monitoring Customer Behavior

Web analytics have come a long way in the last several years. Back in the late nineties - ancient history in the virtual world - Web analytics tools generally were limited to measuring Web site hits, page views, and very broad visitor trends.

Now, these programs use tracking tags or "Smart Tags" embedded in Web pages to capture valuable information about the experience of each visitor to your site. Not only can you tell which pages customers visit, but you can also find out what they do once they get there. Web analytics can tell you, for example, whether visitors are scrolling down on a page to see all of the products displayed there. If they aren't, you should consider modifying your site's design.

The ability to track how customers got to your site - for example, via a link in an e-mail message or another Web site - enables you to evaluate the effectiveness of e-mail promotions, banner ads and other marketing techniques. This information is invaluable because it allows you to focus your resources on the strategies that are most effective and yield the greatest return on investment.

By studying how customers navigate your site, you can react quickly to problems that cause lost sales and negative customer experiences. Perhaps visitors are plugging keywords into your on-site search engine that aren't leading them to the products they seek. It could be a keyword you didn't think of when you designed

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the site or a common misspelling of a search term. Either way, once you have this information, the solution is quick and easy. Web analytics can also tell you if customers are abandoning transactions because forms on your site are too time-consuming or difficult to use.

Web analytics show you how placement of a product on your home page or another part of your site affects sales and "abandonment rates" - in other words, how and when customers lose interest and leave your site.

Optimizing Paid Search Campaigns

Paid search ads, such as Google AdWords, allow you to place your ad on a search engine. Your ad appears when users search for keywords that you define, and you only pay for the ad if a user clicks on it.

Picking the right keywords to bring searchers to your site is critical. If keywords are too specific, prospective customers may not find you. If keywords are too general, you will waste a lot of money on irrelevant click-throughs. Initially, selecting keywords that will target prospective customers is a matter of instinct. But Web analytics programs provide actual data about the searches that lead visitors to your site, allowing you to refine your paid search campaign so that you pay only for legitimate leads.

Choosing a Solution

There are many Web analytics products on the market today, with a variety of data collection methods, user interfaces, reporting capabilities and price structures. The key to choosing a solution is to identify your needs and then develop a relationship with a vendor that can meet those needs within your budget. For example, you may want the ability to integrate Web analytics data with your current CRM system or to export the data to Excel or other programs. You may need a system that automatically distributes reports to key users via e-mail or one that can distinguish between paid searches and "natural" searches.

To use Web analytics data effectively, you should be able to create custom reports that, for example, show the

behavior of a specific segment or group of users that you define. Perhaps you want to track all visitors who returned to the site at least three times and spent more than \$100. Maybe you want to track visitors who searched for a particular product but didn't buy it and include them in a direct mail campaign.

It is critical for you to define these analytical needs up front and be sure that you and your vendor are in agreement. The contract should be as specific as possible about the data the system will capture, the content and format of the reports it will generate, and the cost of any additions or modifications you may require in the future as your business grows and changes.

Data-Driven Marketing

The power of Web analytics is that it enables you to develop marketing strategies based on data about customer behavior rather than on instinct alone. In the bricks-and-mortar world, the closest analogy would be customer focus groups, but these are expensive to conduct and generally provide information well after the customer experience occurs.

Web analytics provides valuable customer data in real time and allows you to act on the information before it's too late. There are a number of Web analytics vendors competing for your business, so be sure to shop around for one that can meet your needs at a reasonable price.

For more information on Web analytics or other retail-related topics, contact Burt Bierman, Partner, at 888-542-6461 or at bbierman@jhcohn.com.

About J.H. Cohn

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