



The Operationalization of Marketing

By: Jim Sterne, Target Marketing

Marketing invents and holds its breath. It creates and then prays for a positive outcome. Marketing takes a stab in the dark, then surveys the market and watches the sales figures with hopes of illumination dancing in its head. Will this television spot stick in the public mind? Will this banner ad generate more clicks? Will the Subservient Chicken sell more poultry? And if foul sales take wing, how much credit is due to the viral bird?

In the mid to late 1990s, somebody in marketing asked somebody in the IT department if there was any way to find out what was happening on the corporate website. The IT guy offered up performance management reports indicating that pages were being served and data packets were flowing. But that wasn't enough for the marketing folks.

The marketing guy wanted to know how well the website was working from a business perspective. The IT department responded with "What do you want to know?"

Marketing asked, "What can you tell me?"

IT replied, "What do you need?"

Marketing asked, "What have you got?"

After exhausting the possibilities of performance reports, the IT guy offered up the server logs. Every transaction system keeps a log of every transaction so that, if there's a fatal error, there's a record of the last good transaction. Web servers record every page that goes out and when, how many bytes it was, and what IP address it was sent to.

Log file analysis tools were created to look for patterns, in hopes of finding something interesting, such as which parts of the site get more traffic than others. Log file analysis can show which banner ads get the most clicks, which products are the most interesting and even which offer (Buy-one-get-one-free vs. Two-for-the-price-of-one) is the most persuasive.

But it wasn't until the late '90s, with cookies and page tagging, that the marketing department started getting some truly useful reports.

When a surfer comes to a website for the first time, he's asking for a specific page. He is an unknown. So the server serves the page and sets a cookie on the visitor's hard drive. The cookie is a small text file that might contain some actual information, but usually just holds a unique identifier. That unique identifier can be used to see if that visitor comes

back, how often and how recently. So, cookies help us count the number of first-time visitors, compared to repeat visitors.

Page tagging involves serving up pages with a JavaScript tag at the bottom a little program that runs once the page loads. If you make a hotel reservation and you tell the site that you want this room at that hotel on this day for that many people and you have a special promotion code, then the JavaScript makes sure that it's all captured.

With page tagging and cookies, we can analyze the four main stages of online communication: advertising, marketing, sales and customer service.

Advertising is measured by click through. Which ad got the most number of people to the website? Which search term was responsible for the most traffic? What was the impact of that press release?

Once we have a surfer's attention, it's time to educate him as to why he should buy. That's marketing, and marketing is measured by page views. How much website content is the surfer consuming? Sales is the easiest to measure: transaction and dollars. Customer service is a trickier. Whether or not the website is properly answering questions and solving problems can only be determined by asking customers for their opinion.

All of the above, with the exception of public opinion surveys, is known as Web Analytics. It is the science and art of using click through, page views, revenue and click path analysis to determine if the website is working. Web analytics reports are used to see if small changes to the site have an impact on the number of people who come back to the site, drill down into the site and eventually buy.

Web analytics has become the tool of choice of website optimization, just as you would optimize a manufacturing process or a distribution route.

Bob Chatham, industry analyst from Forrester Research was very well received at the last E-metrics Summit when he told the roomful of web analytics professionals that they would inherit the Earth. Delegates sat up a little taller in their chairs.

Chatham said that web analytics would eventually be subsumed into business intelligence, thereby changing the game. Instead of sifting through giant data warehouses in hopes of finding patterns, web analytics people who had been immersed in the fine art of online process optimization, would turn their attention to business process optimization.

Web analytics practitioners have a rare view of a corporation from the inside of customers' minds. They understand the dataflow of order processing. They have their ear to the ground by way of the feedback button and the contact centre. They know what data is important and correlating that data can lead to insight, modification, testing and improvement.

Years of focus on online prospect acquisition, online lead management, online persuasion and online conversion, have trained these brains to drill down to root causes for so many processes, across so many departments and divisions, that web analytics types are in a unique position to know what makes the customer, and the company, tick. That, said Bob Chatham, is what will make them excellent candidates for the executive ladder over time.

Three months after the E-metrics Summit, I was at an Ad:Tech conference and heard John Nardone and Ed See of Marketing Management Analytics say that they were observing this phenomenon first-hand but from the top down rather than from the web analytics bottom-up view.

In their presentation, entitled Moving from Measurement to Management: Making Marketing Effective and Accountable, John and Ed pointed out that the marketing department is still filled with 'creatives' whose accountability is shrouded in the immeasurable deliverables of imagination and sparks of brilliance. These people are currently being managed by silverbacks that earned their stripes buying large gluts of television and making decisions about logos, slogans and jingles.

A new type of marketing executive is being expected and demanded by senior management. They want people who will treat marketing like a math class instead of like an art class. They want tangible forecasts followed by tangible results.

The seven key competencies necessary to run an accountable marketing department of the future, according to John and Ed, are Project Management, Business Metrics Design, Organization and Process Design, Data/Database Design, Marketing Analytics, Systems Integration and Change Management.

The men from Marketing Management Analytics readily agreed with Forrester Research that these skills are being fostered in the ranks of the web analytics team. This team is more likely to produce individuals who are most likely to rise in an organization that values continuous improvement over occasional and unpredictable flashes of brilliance. They are more likely to appear at the head table if they argue for test and measurement over supposition and intuition.

It's time to start thinking of the marketing department as a lead generation factory. How do you improve the processes? How do you measure your results? Who do you have in the upper reaches of your marketing team who understands the need for organizational operationalization?

Jim Sterne has spent more than 20 years selling and marketing technical products. He has presented his unique perspective on Internet marketing at conferences around the world, and has lectured at Stanford, Oxford and MIT. Sterne produced the first [Emetrics Summit](#) in 2002 and is a Founding Director and President of the Web Analytics Association. He stays active as a public speaker and as a consultant, helping each client set Internet marketing goals and determine customer relationship strategies. Please contact Jim at (805) 965-3184 or jsterne@targeting.com to find out how his talents might help you achieve your marketing objectives. His company, Target Marketing, can be found at <http://www.targeting.com/>.