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Measurement and Analytics Report 2015

In association with Lynchpin

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LYNCHPIN



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Contents

1. Executive Summary	4
1.1. Methodology.....	5
1.2. About Econsultancy	5
2. Foreword by Lynchpin.....	6
2.1. About Lynchpin	7
3. Start with a measurement framework and strategy	8
4. Requirements for analytics... acquisition, conversion and retention.....	13
5. Data-driven customer insight drives business strategy	16
6. A crisis in confidence about marketing attribution?.....	22
7. Moving from data to action	25
8. Tag management and the importance of a data layer...	30
9. Big data technology solutions – the future of analytics?.....	33
10. Growing investment in internal analytics teams	37
11. Digital analytics vendors – how they stack up	45
12. Appendix: Respondent Profiles.....	50
12.1. Job roles.....	50
12.2. Business sector	52
12.3. Geography.....	53
12.4. Turnover	54

1. Executive Summary

The **Measurement and Analytics Report 2015**, published by Econsultancy in partnership with **Lynchpin** for the eighth year running¹, looks at how organisations are using data strategically and tactically to generate insights and to improve business performance.

As the volume of data and number of internal and external data sources increases, it is essential to have an overarching plan which helps to relate all this information to a company's business objectives.

However, the research has found that two in five (42%) organisations don't use a framework to structure their measurement requirements, while two-thirds of companies surveyed are lacking a formally documented data analytics strategy. Only 40% of companies say these data analytics strategies look out beyond a year, and less than a fifth (18%) have strategies which straddle the digital and non-digital worlds.

More encouragingly, more companies are looking to grow their in-house analytics teams, with 50% of businesses planning to increase their spending over the next 12 months, up from 46% a year ago. In contrast, fewer organisations than a year ago say they are planning to increase their technology and consulting budgets.

This year's research, based on a survey of almost 900 digital professionals, focuses on the important role for data and analytics in supporting their attempts to build a competitive advantage by becoming more customer-centric. The vast majority (86%) of responding companies indicate that their *'understanding of customers is increasing over time'*, while more than half (55%) *'use data effectively to build their understanding of customers'*.

Other findings include:

- **'Actionable data recommendations'**. Currently, two in every five companies (40%) say more than half of their collated analytics data is useful for driving decision-making, an 8% increase since 2014 and the highest proportion since 2012. However, there has been a significant drop in the number of respondents who say that analytics *'definitely'* drive actionable recommendations which make a difference to their organisation. Just 23% of respondents were in this camp, compared to 40% last year, a huge decrease of 42%. This is a stark reminder of the difficulty companies face if they want to make data both insightful and useful.
- **Tag management and data layers**. The 2013 version of this report found that 24% of companies were using tag management systems. Fast forward to 2015 and that number has now more than doubled to 54%. But less than half of companies (46%) have mapped out a data layer for their tag management system, a process which is a prerequisite for successful tag management and data strategies.
- **Support from digital analytics vendors**. Supporting deployment, translating business requirements into analytics requirements, and training end users are the three areas where the support of vendors is most in demand. Each of these requirements is rated as *'critical'* by more than half of responding companies. At an overall level, responding companies are significantly more likely to be happy than unhappy with their vendors, and generally respondents are also satisfied with the pace of technology changes.
- **Big data technology**. Those who have deployed a big data technology solution are still in the minority (11%), but a further 24% are considering one. Among those that use a big data solution, just under half (45%) say they use cloud-based technologies. Just under a third (30%) say they use Hadoop.

¹ Until 2014 this report was known as the *Online Measurement and Strategy Report*.

- **Attribution.** More than half (58%) of companies are using attribution, but only 8% of those using a model are 'very confident' that it is based on facts about their data and business. Significantly, more than a third were 'unsure' of this, and 13% were not confident at all.

1.1. Methodology

There were 877 respondents to our research request, which took the form of a global online survey in April and May 2015. Respondents included both in-house digital professionals and analysts (57%) and supply-side respondents, including agencies, consultants and vendors (43%).

Information about the survey, including the link, was emailed to Econsultancy's user base and promoted via social media. The incentive for taking part was access to a free, advance copy of this report just before its publication on the Econsultancy website.

Detailed breakdowns of the respondent profiles are included in the [Appendix](#).

If you have any questions about the research, please email Econsultancy's Research Director, Linus Gregoriadis (linus@econsultancy.com).

1.2. About Econsultancy

Econsultancy's mission is to help its customers achieve excellence in digital business, marketing and ecommerce through research, training and events.

Founded in 1999, Econsultancy has offices in New York, London and Singapore.

Econsultancy is used by over 600,000 professionals every month. Subscribers get access to research, market data, best practice guides, case studies and elearning – all focused on helping individuals and enterprises get better at digital.

The subscription is supported by digital transformation services including digital capability programmes, training courses, skills assessments and audits. We train and develop thousands of professionals each year as well as running events and networking that bring the Econsultancy community together around the world.

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2. Foreword by Lynchpin

Lynchpin is delighted to sponsor this research for the eighth year running.

The breadth and depth of the data industry grows every year, and analytics success increasingly feels like a bit of a race against the clock of expectation.

There are a lot of positives since last year: more recognition across teams of the importance of being customer-centric from a data perspective, more focus on sharing data between tools/silos and more accessible technologies for merging larger datasets. The excitement and drive for personalisation has pushed a lot of this towards the top of the agenda.

However, a lot of these positive trends open up a catalogue of opportunities that need some resolutely clear focus to turn into commercial benefit. Key skills are clearly still proving challenging to recruit, and that begs the question of where that talent is best directed – call it an analytics strategy if you like.

A lot of the obvious opportunities come back down to some of the fundamentals of understanding customer behaviour better, for which clearly defined measures of success and relevant (not just plentiful) data are critical foundations.

There has been a clear drop in the confidence that ‘analytics drives actionable recommendations’, so if investment in analytics is increasing let’s hope over the next year that can be focused on generating those positive outcomes.



Andrew Hood
Managing Director
Lynchpin

2.1. About Lynchpin

Established in 2005, Lynchpin is a full service analytics consultancy. Consultants, analysts and engineers work together on data projects to give a responsive, cohesive and advanced service.

Understanding customer behaviour is crucial to growing your business. Lynchpin elegantly extract, integrate and interpret data, giving our clients clarity to make the best decisions for their business.

From statistical modelling to optimisation, our independent team of analysts, consultants and engineers work in harmony to create and refine bespoke strategies to improve your bottom line.

Our approach to technology implementation comes from an impeccable understanding of the available options on the market. Our advice is unbiased and we endeavour to create a cost effective and scalable solution. We select the right tools for the task and ensure they are effectively deployed.

With extensive expertise across sectors, dealing with unique requirements and company cultures, we pride ourselves in being candid, approachable and supportive. We are happy to work alongside your in-house team to get the best from reporting tools.

Lynchpin works with Experian, Canon, HSBC, Cartoon Network, Tesco Bank, Dyson, New Scientist, Waitrose and the Government Digital Service amongst others.

Please visit our website www.lynchpin.com to find out more, or contact us on 0345 838 1136.

3. Start with a measurement framework and strategy

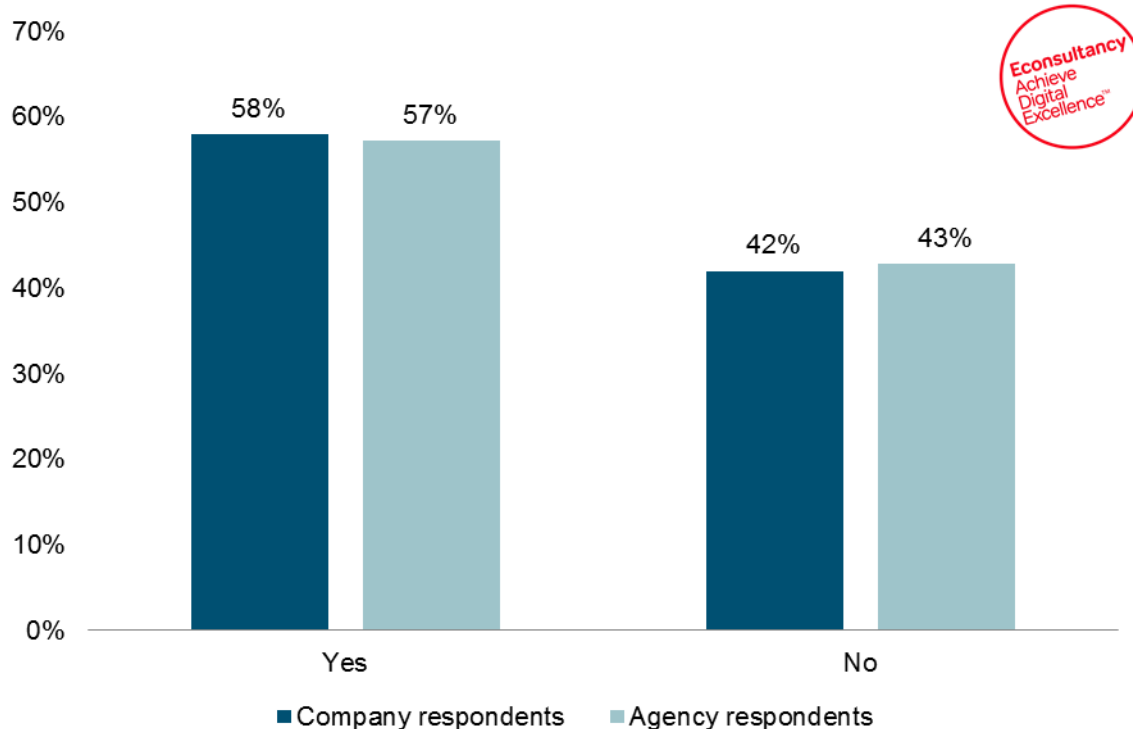
Organisations of all shapes and sizes are aspiring to be data-driven. For many, this can be a tall order, since being able to ground decisions in data and trigger actions that make business sense is not something that can be achieved overnight.

Knowing how to structure your data so information becomes not only easier to understand and act upon, but also embedded into organisational processes to enable marketers to take action at the right time (and for the right reasons) requires the development of a measurement framework.

Such a framework can help articulate objectives and outcomes, but also structure those all-important metrics and key performance indicators (KPIs) around your business strategy.

Another key benefit of having a measurement framework is that it ensures you have a 'common base' for understanding all the metrics, technology and processes that support your measurement, testing and optimisations efforts. Despite this, two in five (42%) organisations say they don't use a measurement framework to structure their measurement requirements (*Figure 1*).

Figure 1: Does your organisation (or do your clients) use a measurement framework to structure measurement requirements?



Company respondents: 436

Agency respondents: 332

Larger organisations (with an annual turnover of more than £50m) are more likely to have a measurement framework in place: compared to their counterparts earning less than £50m each year, they are 27% more likely to say that's the case.

Table 1: Use of measurement frameworks by company size

What is your annual company turnover?	Does your organisation use a measurement framework to structure its measurement requirements?	
	Yes	No
<£50 million	49%	51%
>£50 million	62%	38%

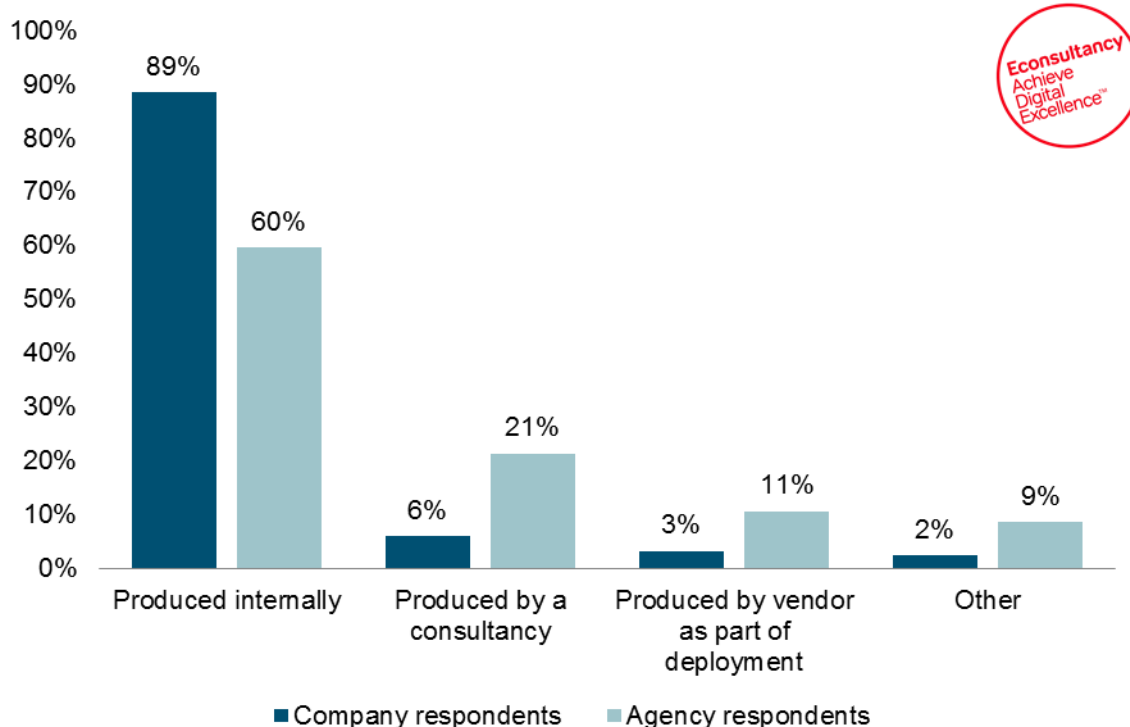
Having a larger dedicated team doing analysis of data is even more strongly correlated: those with teams of more than five dedicated analysts are 50% more likely to use measurement frameworks compared to those with smaller teams of up to five people (75% versus 50%). Less than a third (32%) of those with no dedicated analysts use measurement frameworks.

Table 2: Use of measurement frameworks by size of data analysis team

How many dedicated employees does your organisation have doing analysis of data?	Does your organisation use a measurement framework to structure its measurement requirements?	
	Yes	No
Up to five	50%	50%
More than five	75%	25%

As the chart below shows, frameworks are generally produced internally (89%), though supply-side respondents report higher figures for frameworks done by consultants and vendors (32% compared to only 9% of client-side respondents).

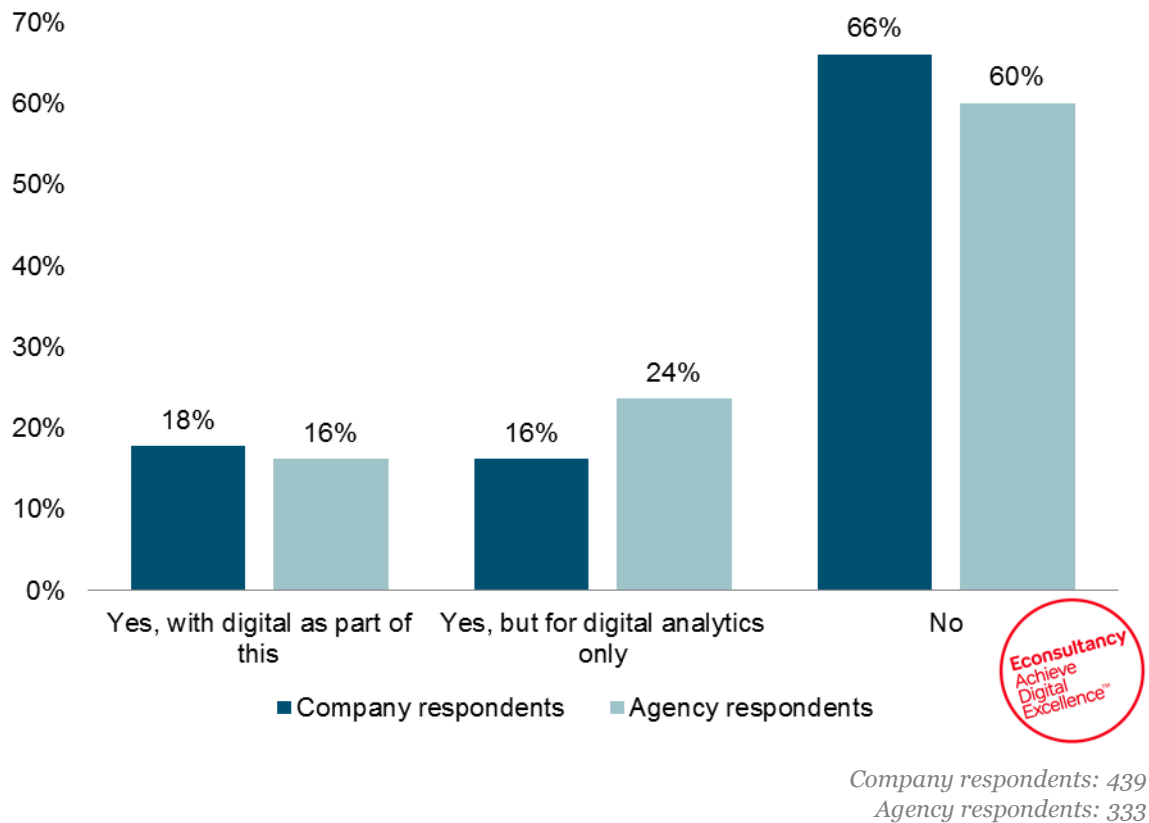
Figure 2: How was this measurement framework produced?



Company respondents: 251
Agency respondents: 188

Figure 3 shows that two-thirds of companies surveyed *don't* have a formally documented data analytics strategy, and only 18% have one that straddles digital and non-digital. As the number of data sources, tools, people and interaction points (both internal and external) across a business grows, organisations will increasingly struggle to get value out of the data at their disposal if they don't develop a data analytics strategy.

Figure 3: Does your organisation (or do your clients) have a formally documented data analytics strategy?



What do you see as the next step in the evolution of analytics for your organisation / clients?

- “Clear guidelines on collecting data, KPIs and on how to implement changes based on insights.”
- “Creating a robust strategy that marries up to KPIs and budget / targets and implementing a single point of reference across the business.”
- “To actually have a metric-reporting strategy for the website to optimise the user experience and campaigns.”
- “Moving towards a mentality where data analysis is the first step towards building strategy, rather than one of the middle steps.”
- “Increasing focus on accurately defining business objectives, site goals and the resulting metrics and KPIs to be tracked.”
- “Putting measurement at the core of the strategy, rather than being a ‘reporting’ afterthought.”
- “Viewing analytics as an important part of the business and investing in talent that is capable of producing strategic documents at a high level. Also decreasing time spent extracting and transforming data and reinvesting into analytics/making decisions with that data.”

Survey respondents

As was the case with measurement frameworks, smaller organisations (annual revenues under £150 million) are less likely to have formally documented data analytics strategies: three-quarters say they don't have one, compared to 58% of larger organisations. Additionally, those with dedicated teams of five or more analysts are nearly twice as likely to have strategies which straddle both digital and non-digital than those with smaller or no dedicated teams (26% versus 14%).

Table 3: Adoption of formally documented data analytics strategies by company size

What is your annual company turnover?	Does your organisation have a formally documented data analytics strategy?		
	Yes, with digital as part of this	Yes, but for digital analytics only	No
<£150 million	12%	13%	75%
>£150 million	22%	20%	58%

Table 4: Adoption of formally documented data analytics strategies by size of data analysis team

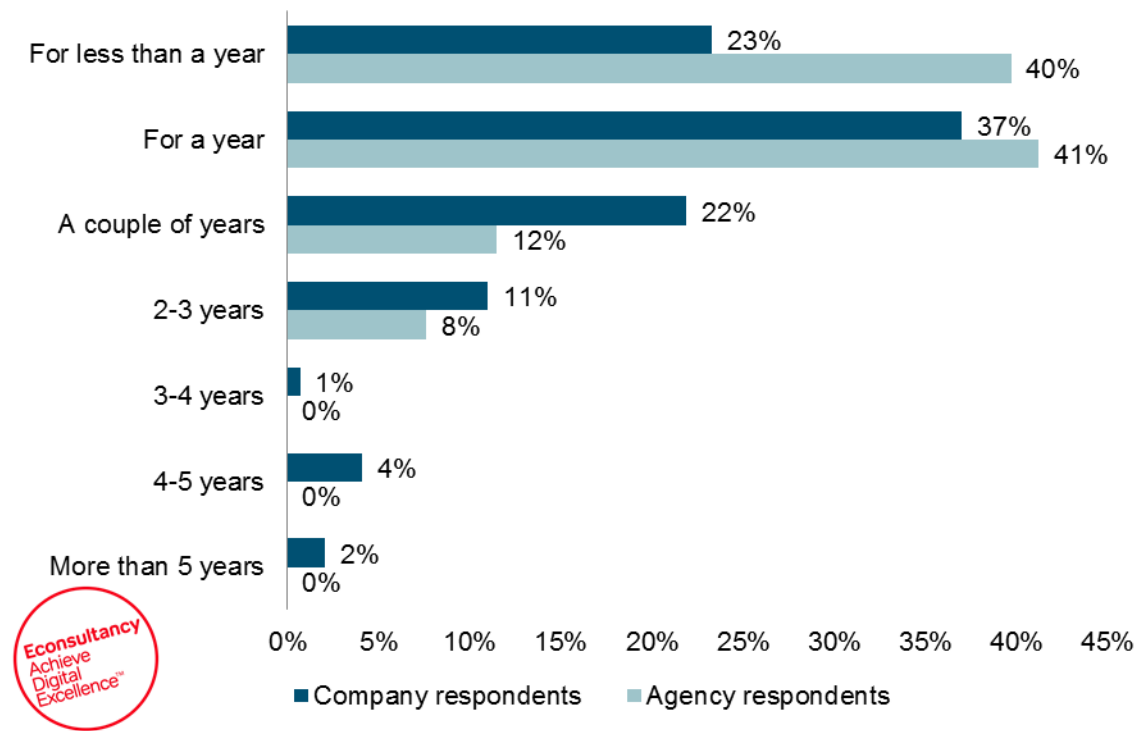
How many dedicated employees does your organisation have doing analysis of data?	Does your organisation have a formally documented data analytics strategy?		
	Yes, with digital as part of this	Yes, but for digital analytics only	No
Up to five	14%	13%	73%
More than five	26%	21%	53%

While having a well-defined strategy is indisputably a key success factor, it's worth making a distinction between data analytics strategies and data-driven strategies. The first one entails having a plan for what you are and aren't going to have, whereas the latter most often boils down to collecting as much data as possible as your starting point.

If you've not actually isolated, prioritised and carefully considered which particular datasets are (and more importantly, are not) going to be of value and are just capturing everything for the sake of it, then you don't really have a strategy at all.

The research has also revealed that data analytics strategies rarely look out beyond a year, with only two in five (40%) responding organisations saying that's the case (*Figure 4*). While it's important to focus on short-term opportunities, having a long-term vision can certainly help when trying to instil a data-focused culture and align the necessary capabilities, processes and tools. A well-defined strategy not only focuses on delivering incremental value, but also on ensuring that you can address demands in the short term without sacrificing long-term goals.

Figure 4: How far ahead does your organisation's / clients' data analytics strategy look out?



Company respondents: 146
Agency respondents: 131

4. Requirements for analytics... acquisition, conversion and retention

Analytics are integral in arguably all business areas, but they become the key focus when they relate to objectives relating to a company's financial goals.

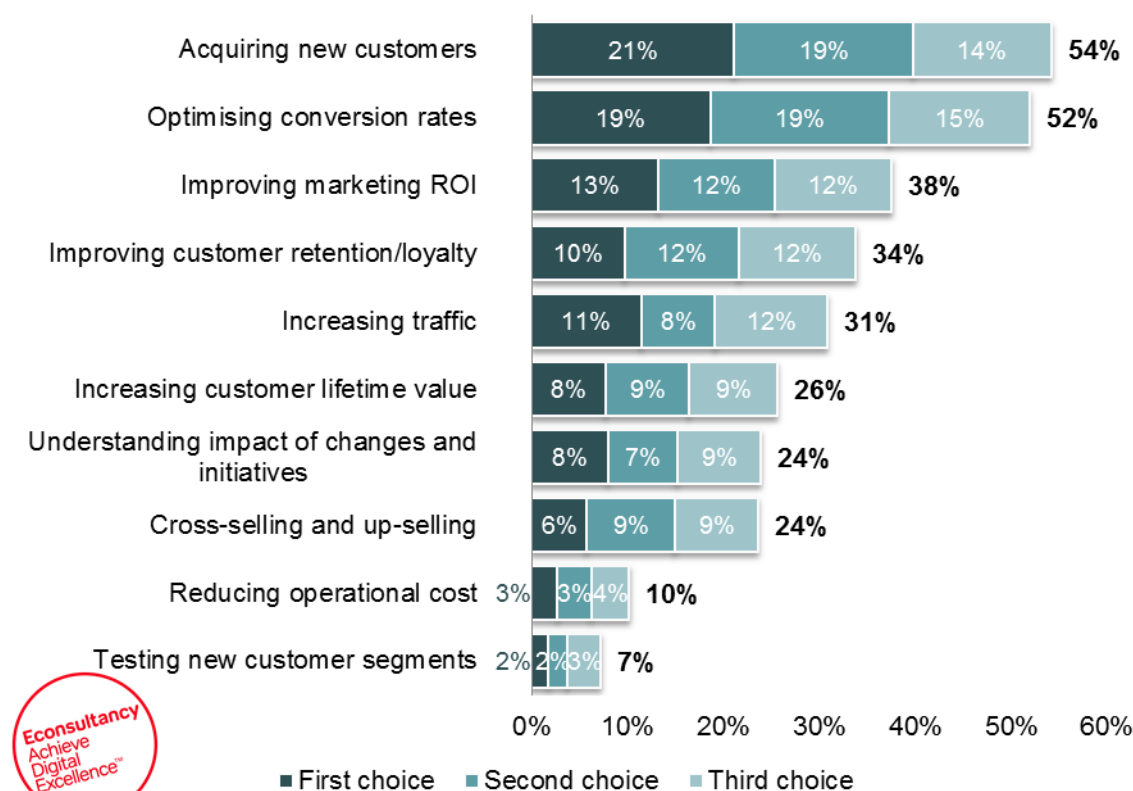
These business objectives are usually tightly linked to a company's ability to acquire, convert and retain customers. *Figure 5* below shows that acquisition and conversion rate optimisation (CRO) are the most frequently cited growth and profit-related requirements for analytics (based on the proportion of client-side respondents rating the options as a top-three choice).

The economic growth seen over the last few months is reflected in the fact that acquisition has overtaken CRO in the last year, with companies focused on expanding the customer base in addition to retaining existing customers. *Figure 6* shows the change in priorities for companies since last year, with more than half (54%) choosing 'acquiring new customers' as one of their top-three most important requirements for analytics in 2015, compared to 43% last year.

This is the largest year-on-year change of all the options, indicating the current strength of the economy compared to previous years and the focus on expansion.

Company respondents

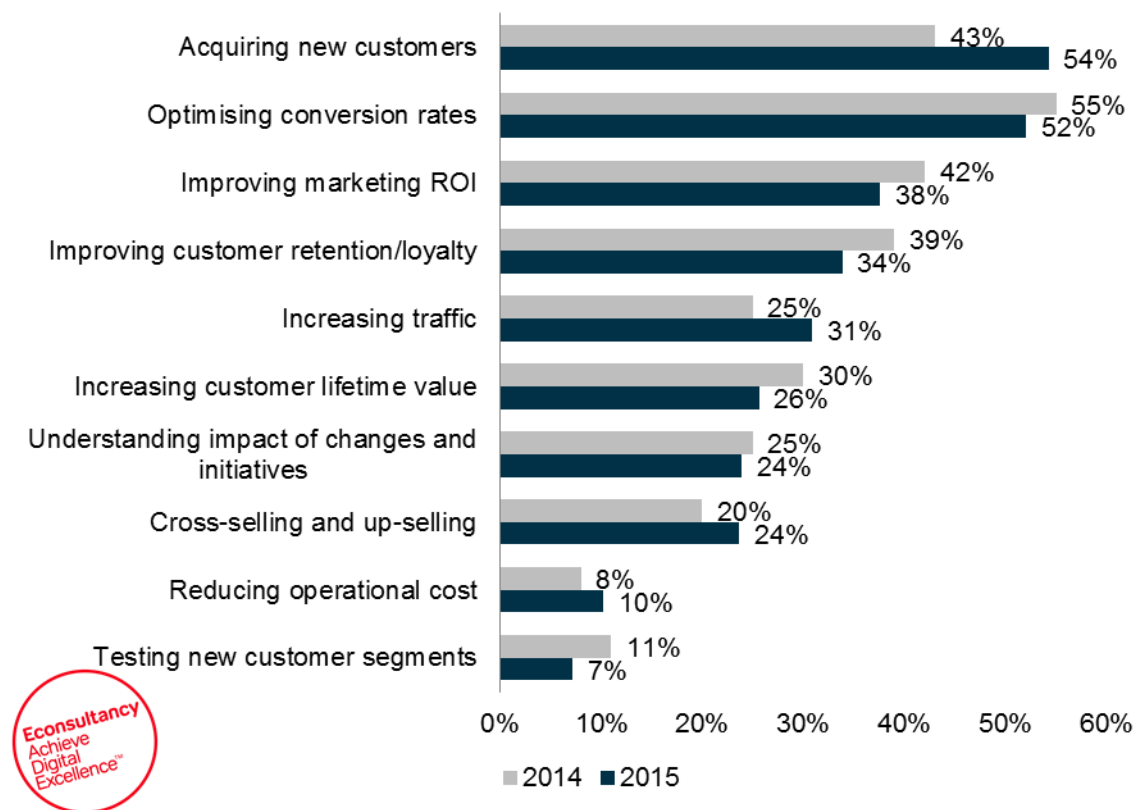
Figure 5: Most important growth/profit-related requirements for analytics



Respondents: 402

Company respondents – change since 2014

Figure 6: Proportion of companies rating profit- and growth-related requirements for analytics as top-three choices in terms of importance



Respondents 2015: 402

Respondents 2014: 368

According to Econsultancy's Customer Lifetime Value (CLV) report², *inability to measure customer lifetime value* was ranked third in the top three concerns companies have about increasing CLV, a challenge which has its roots in analytics shortcomings. In this survey, *increasing CLV* was a top-three most important analytics requirement for 26% of respondents.

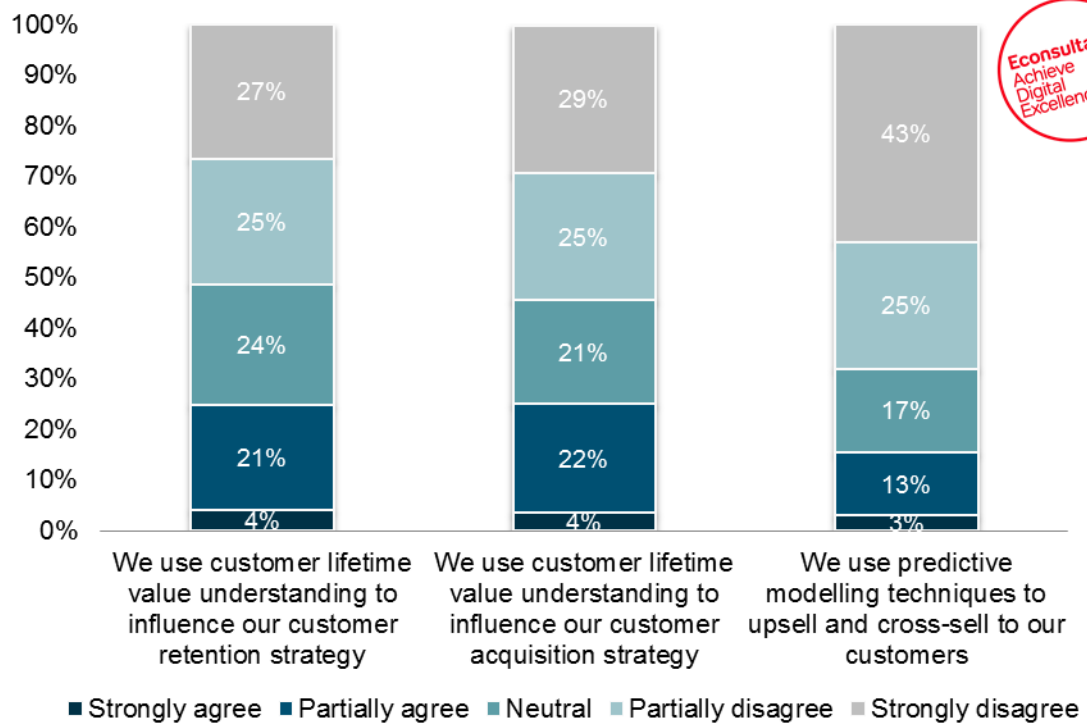
Figure 7 shows the attitude of companies towards customer lifetime value, which is a much talked-about metric, but it appears only a minority of companies are using understanding of CLV to improve customer acquisition and retention (25%), which could be explained by the concerns surrounding its measurement.

Fewer still agreed with the statement '*we use predictive modelling techniques to cross-sell and up-sell*' (16%), indicating that few are using complex analytics to increase sales values. Indeed, 43% strongly disagreed with the statement. A lack of skills is the oft-cited reason for not using predictive modelling. It requires clean data and sophisticated segmentation, plus data warehousing, time and, crucially, a data scientist. The latter are hard to come by, and expensive, so it is unsurprising that few are using predictive modelling to increase sales values.

² <https://econsultancy.com/reports/customer-lifetime-value>

Company respondents

Figure 7: Please indicate whether you agree or disagree with the following statements.



Respondents: 370

5. Data-driven customer insight drives business strategy

Businesses have never been in a better position to make strategic, data-driven decisions, especially when the consumer is the focal point. The days of relying on generalised demographic insights as the basis of product development initiatives and marketing campaigns are well and truly over.

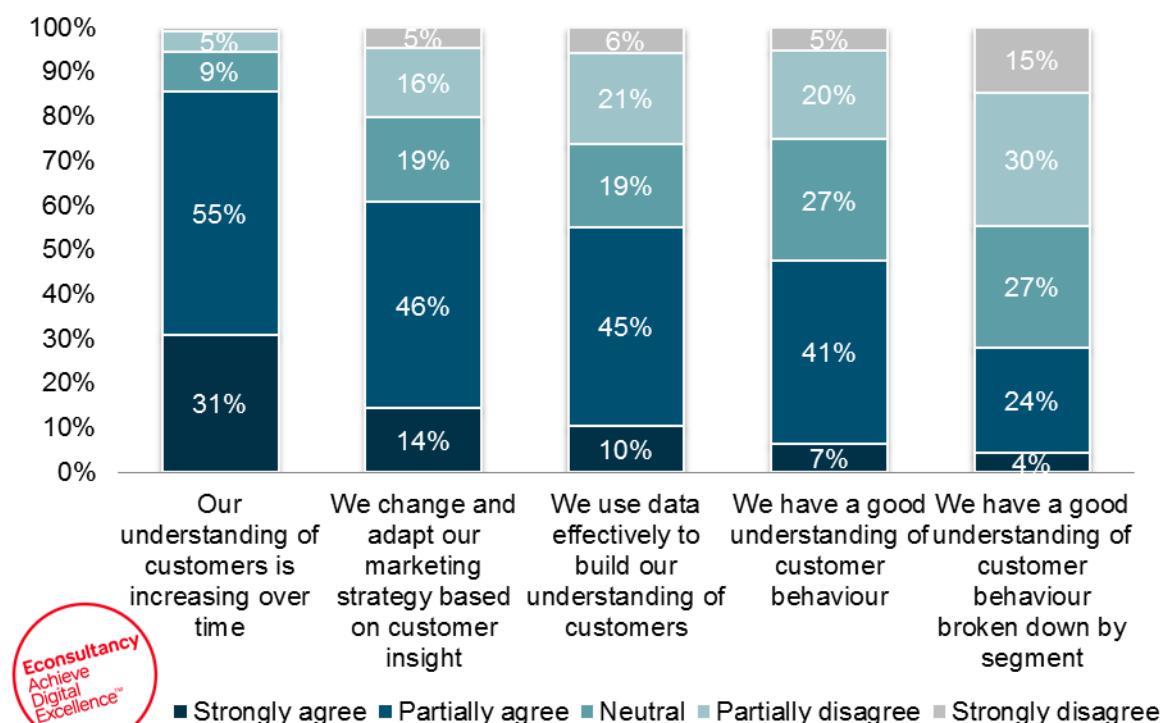
Now organisations have the ability to identify how, when and why their customers engage with their brands on their owned properties. Third-party properties with large audiences provide more refined opportunities to identify tribes and communities that are more relevant and accurate than the demographic ad buys of old.

With the multitude of owned and third-party data available, it is unsurprising that organisations have a better handle on who their customers are, and are making use of this information strategically. The vast majority (86%) of responding client-side marketers indicated that their *'understanding of customers is increasing over time'*, while more than half (55%) *'use data effectively to build their understanding of customers'*.

It is one thing to gather data and use it to deliver insights, it's entirely another to actually make it useful. This research suggests organisations are actively attempting to turn their insights into action, with 60% of companies saying they *'change and adapt marketing strategy based on customer insight'*.

Company respondents

Figure 8: Understanding customers: extent to which respondents agree or disagree



Respondents: 371

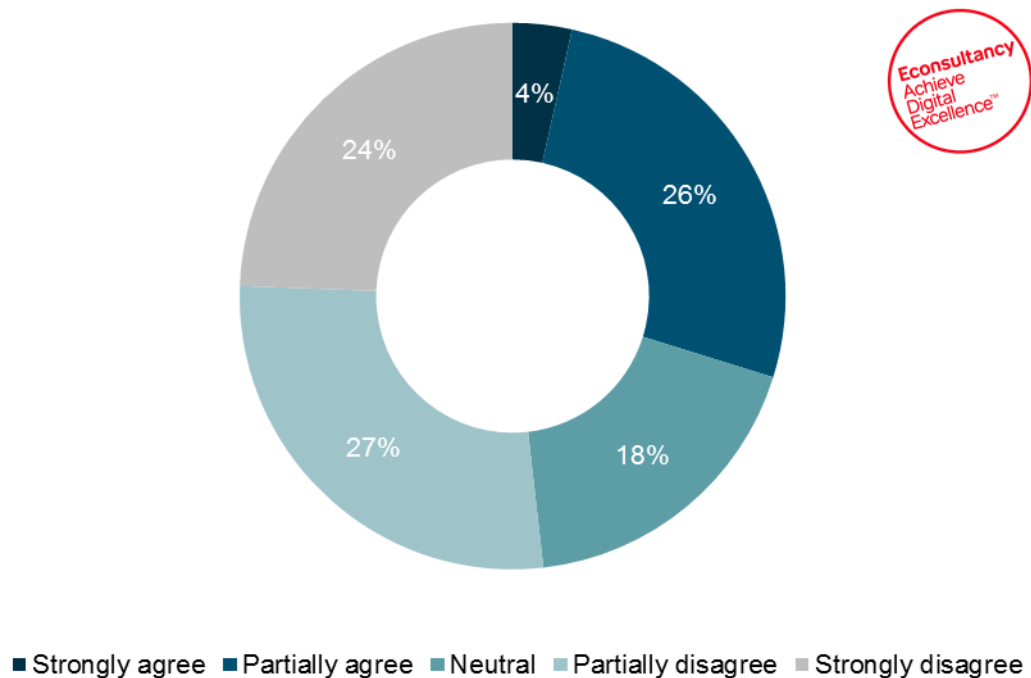
However, while most organisations are getting better at using data to influence business activities, there is still much progress to be made. Less than half (48%) of respondents believe they have a good understanding of customer behaviour and just 28% have this understanding broken down by segment.

This last statistic is the clearest indicator of where businesses are versus where they want to be. Ideally, marketers crave the ability to deliver the right message, to the right person at the right time; in a few words, contextualised marketing. However, with most companies unable to even understand customer behaviour at a segmented level, delivering a completely personal experience is more of a distant dream than something close to realisation.

The role of data in facilitating the capability of personalising communications and experiences cannot be understated. It is not enough to simply have a multitude of datasets on customers. Recent research by Econsultancy has illustrated that many organisations are overwhelmed by the volume of incoming data³. Even if organisations have implemented the most sophisticated marketing technology infrastructure, the data must be able to move freely across different technology platforms, and structured so that the taxonomies across different data sets are consistent.

Company respondents

Figure 9: 'Our current data architecture is an enabler for personalisation' – agree or disagree



Respondents: 369

Without these requirements, data can be a hindrance to personalisation rather than an enabler. Currently, only 30% agree that their 'current data architecture is an enabler for personalisation', perhaps a further indication of the need for a data analytics strategy, which is absent in 66% of companies.

The architecture of data is something companies must address if they are going to fulfil their ambitions when it comes to understanding the customer and providing relevant experiences.

³ <https://econsultancy.com/reports/marketing-pain-points-and-how-to-overcome-them/>

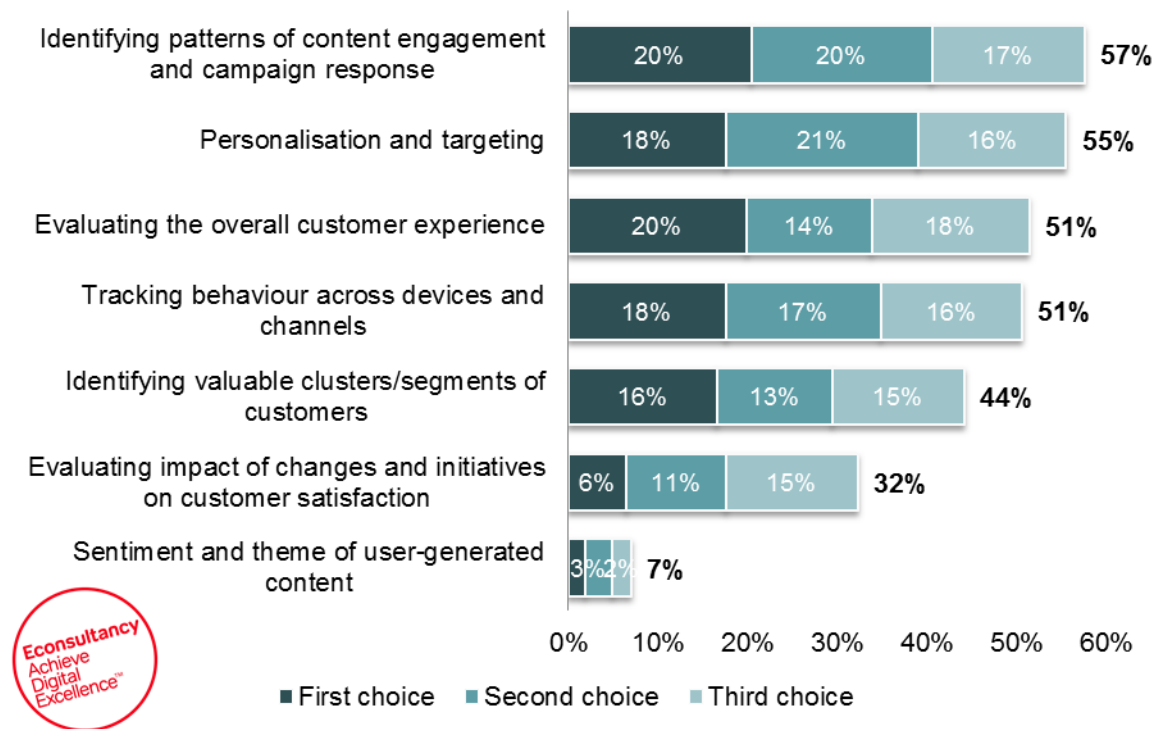
Personalisation and targeting was selected by 55% of companies as one of the top three requirements for analytics relating to customer understanding (Figure 10). With explicit and implicit data appropriately available to positively impact the experience, structuring this data so that it is usable is of critical importance.

However, even more important than that is the ability to ‘*identify patterns of content engagement and campaign response*’, the highest rated customer-related requirement for analytics (57%). Companies are clearly aware of the importance of customer experience, multichannel campaign management and automation activities, and their need to understand and exploit the granularity of the customer journey.

Every touchpoint, automated message and campaign interaction on a marketing platform represents more than just an opportunity to nurture the customer in a more tailored fashion. It also allows businesses to learn more about the preferences, tastes and habits of different types of customers, which can be instructive in a variety of strategic and tactical activities.

Company respondents

Figure 10: Most important requirements for analytics relating to understanding the customer



Respondents: 388

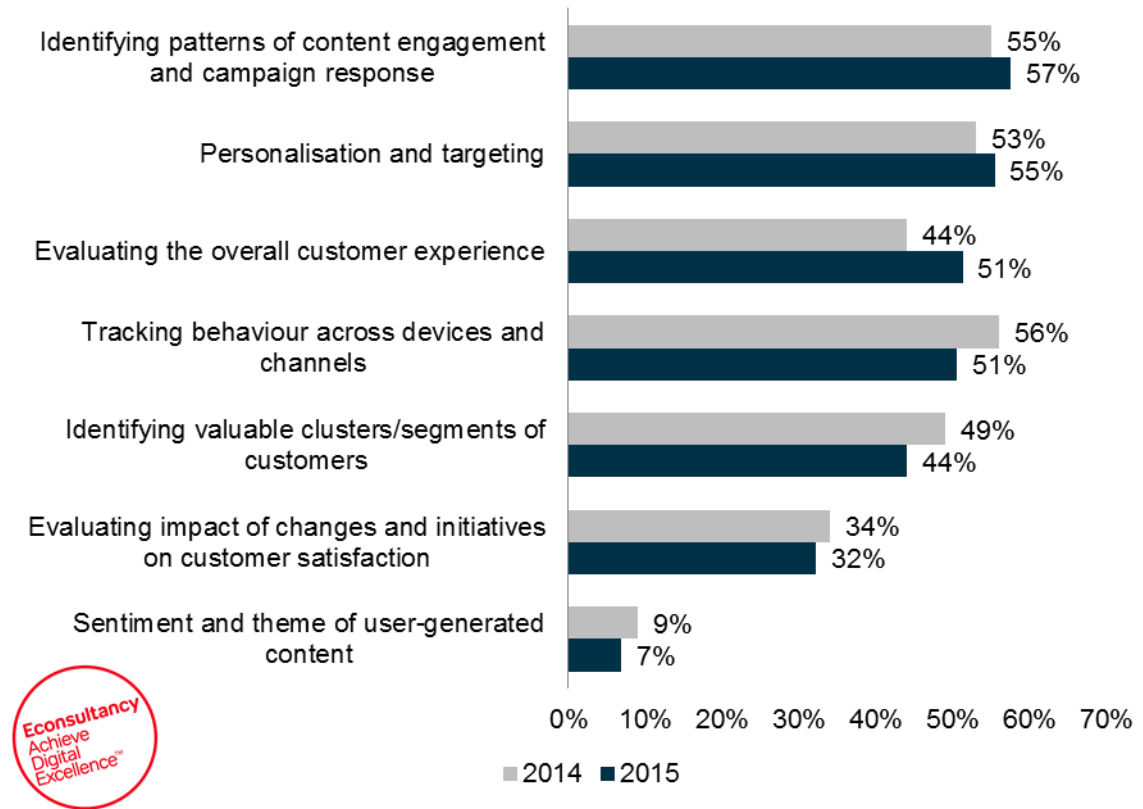
As well as looking at using analytics to look at the minutiae of different customer experience elements, companies also consider quantifying improvements to CX to be an important requirement of analytics. More than half (51%) ranked ‘*evaluating the overall customer experience*’ among their top three customer-related analytics requirements, with 20% ranking it as their first choice.

This has become more of a priority over the past 12 months, with 16% more companies stating its importance compared to 2014. Much has been made of CX as a pivotal opportunity in the near and distant future. While we are far from the point where it’s time for marketers to face the music, the measurement and impact of marketing and the customer experience is a point of emphasis for many, especially as a lot of resources must be invested in order to create these capabilities.

This is also a marked shift from how customer experience has been evaluated previously. When asked, marketers have typically measured the customer experience by determining customer satisfaction, via something like a Net Promoter Score⁴. While this will certainly continue to be part of the puzzle, especially where it carries weight with the C-suite, organisations with reporting capabilities can go into far more detail in determining success in the context of their organisation.

Company respondents – change since 2014

Figure 11: Proportion of companies rating requirements for analytics relating to understanding the customer as top-three choices in terms of importance



Respondents 2015: 388
Respondents 2014: 365

Tracking behaviour across devices and channels was also selected by 51% of companies, but this figure is down 9% compared to last year. However, this decrease does not diminish its importance in a world where the number of devices consumers use continues to trend upwards. With peripherals, wearables and the Internet of Things no longer just on the horizon, tracking and identifying behaviour across devices and channels will continue to be critically important.

Being able to identify consumers across different channels is difficult, but not impossible. While the fully-fledged single customer views mainly exist as works in progress or in some form of hybrid state, there are tools that can allow organisations to identify individual users.⁵ The key to this is simple; focus on first-party data and self-identification, rather than third-party data.

This may seem obvious, yet in many analytics implementations, the emphasis is placed on third-party cookies and analytics tools, which is often less reliable in tracking multiple interactions over time. By focusing efforts on incentivising users to self-identify as often as much as possible, even

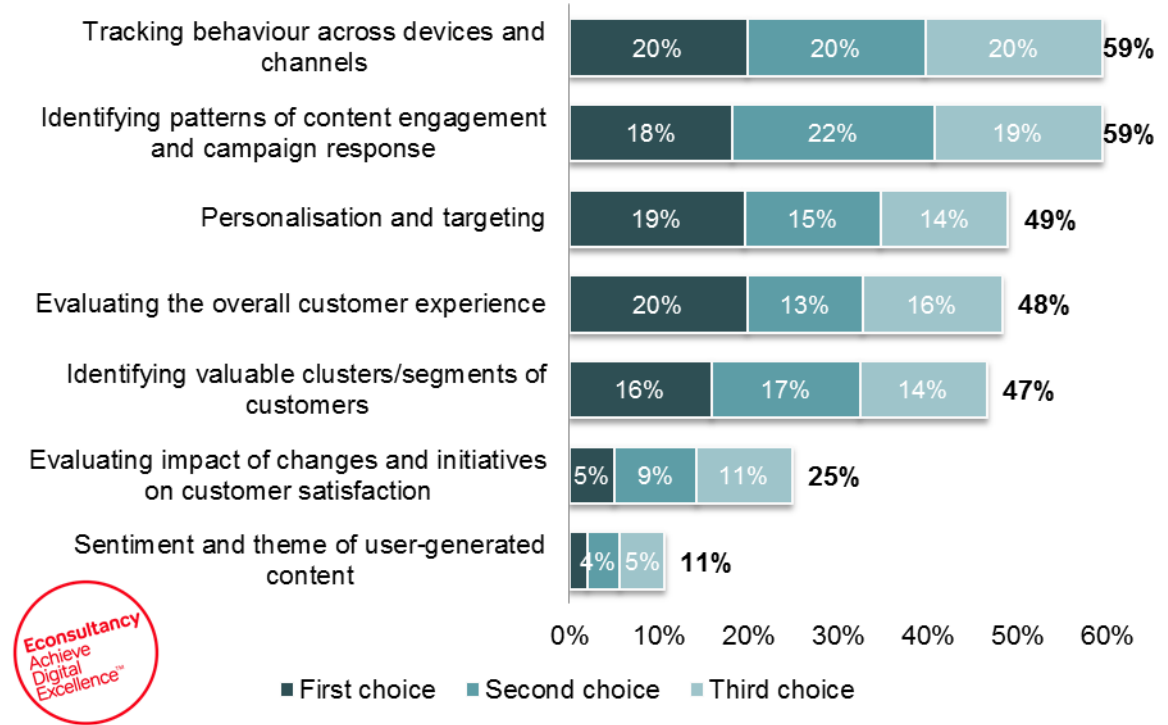
⁴ <https://econsultancy.com/reports/customer-experience-and-conversion-for-b2b-digital-cream-london-2014/>

⁵ <http://www.kaushik.net/avinash/digital-marketing-analytics-deadly-myths-de-mythified/#pivotonpeople>

with the limited technology available, significantly more can be gleaned regarding the customer journey.

Agency respondents

Figure 12: Most important requirements for analytics relating to understanding the customer

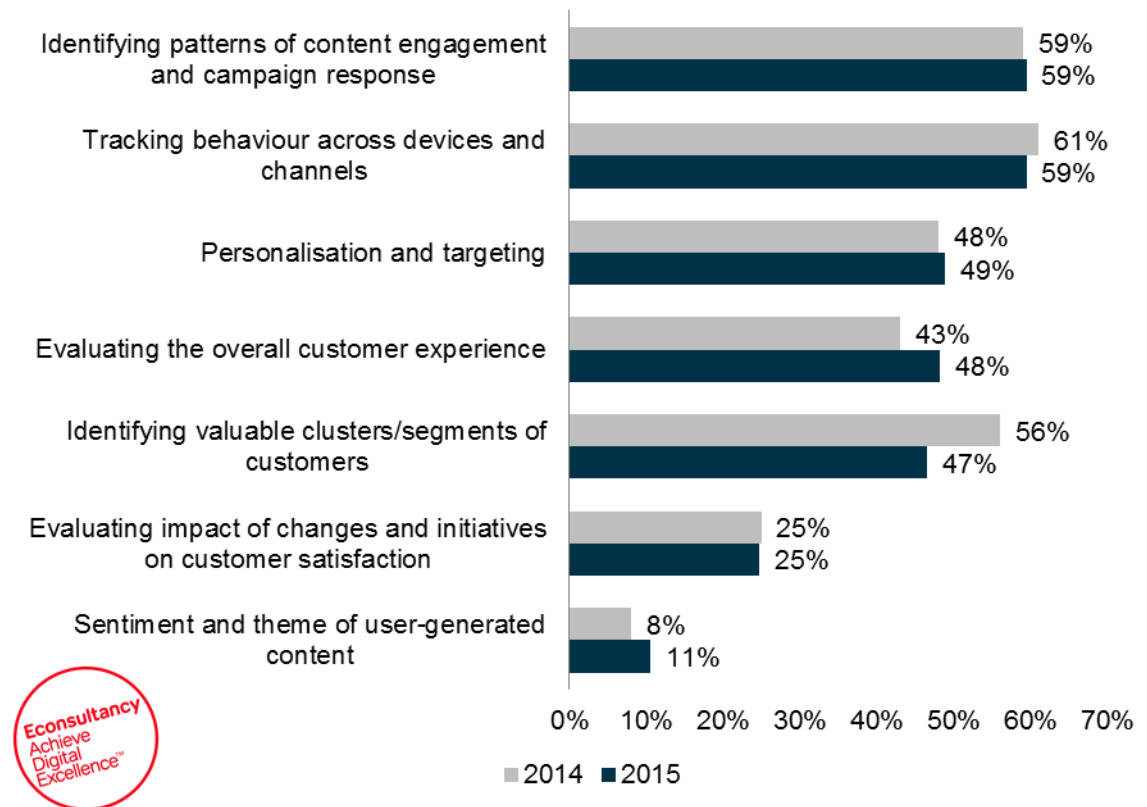


Respondents: 303

Tracking behaviour across devices and channels is the most important requirement of analytics relating to understanding the customer for agency respondents according to *Figure 12*. Nearly three in five (59%) of agencies cited *tracking behaviour across devices and channels* as a key priority, with the same proportion prioritising *identifying patterns of content engagement and campaign response*.

Agency respondents – change since 2014

Figure 13: Proportion of agencies rating requirements for analytics relating to understanding the customer as top-three choices in terms of importance



Respondents 2015: 303
Respondents 2014: 387

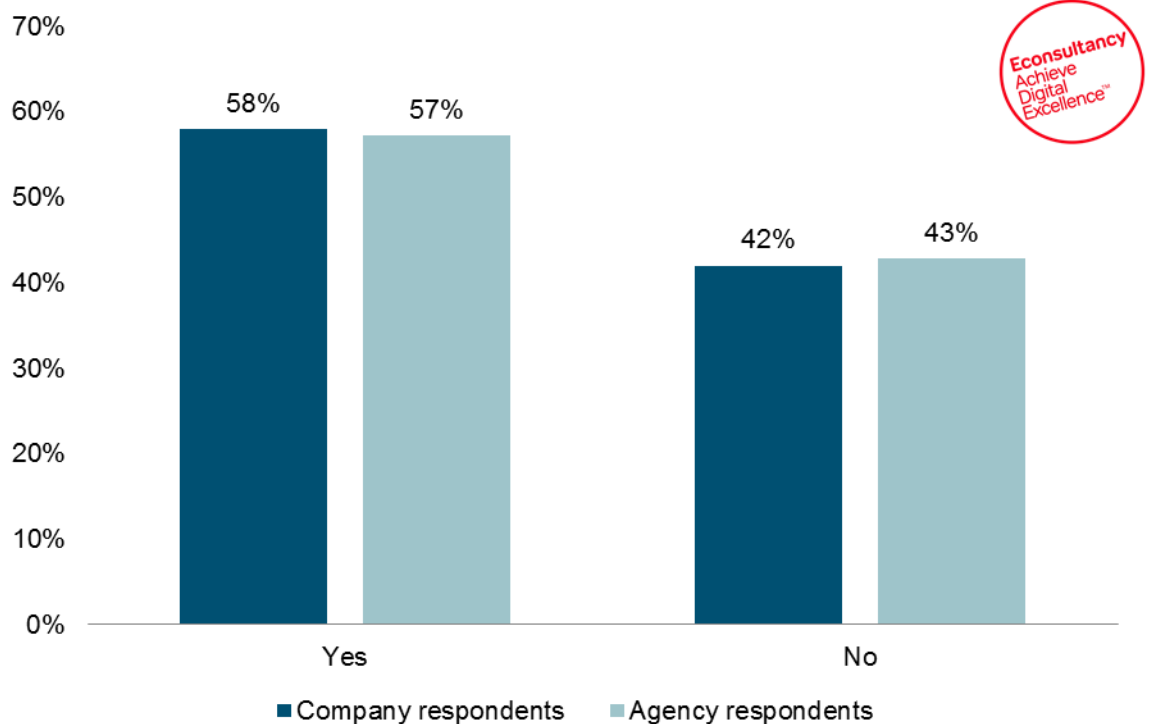
6. A crisis in confidence about marketing attribution?

Proving marketing ROI, and subsequently improving it, is a top objective for marketing managers, regardless of sector. Key to this improvement is analytics, highlighted by *Figure 5* which shows improving marketing ROI was selected by 38% of respondents as an important growth/profit-related requirement for analytics. Only 13% of companies said this was their number one requirement.

Attribution, and its associated difficulties, has been an ongoing point of discussion within the digital marketing industry for a number of years. Though technology has improved and tools have been developed to assist marketers in attributing value correctly to each channel, many still find models other than last-click problematic to implement.

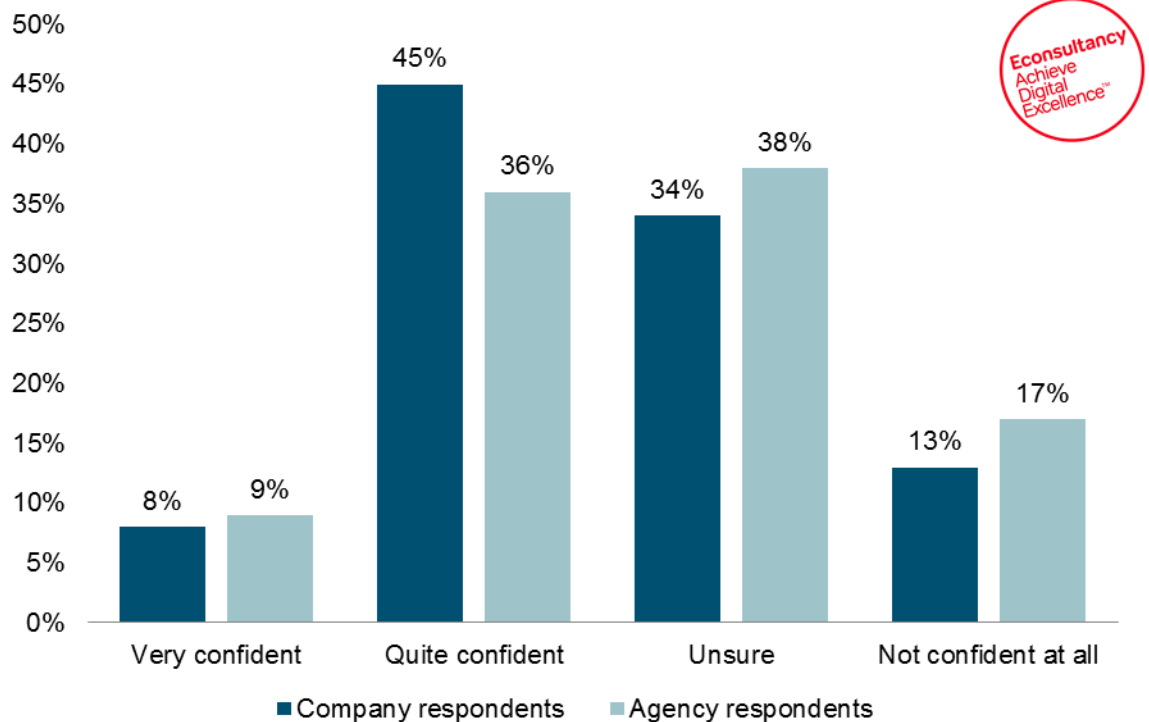
Figure 14 shows the percentage of companies that are using marketing attribution models to understand their marketing ROI, among other things. More than half (58%) of companies are using attribution, however only 8% of those using a model are very confident that it is based on facts about their data and business. Significantly, more than a third (34%) were 'unsure' of this, and 13% were not confident at all (*Figure 15*).

Figure 14: Are you (or your clients) using a marketing attribution model or models?



Company respondents: 370
Agency respondents: 283

Figure 15: How confident are you (or your clients) that your / their attribution model is based on facts about your / their data and business?



Company respondents: 109
Agency respondents: 92

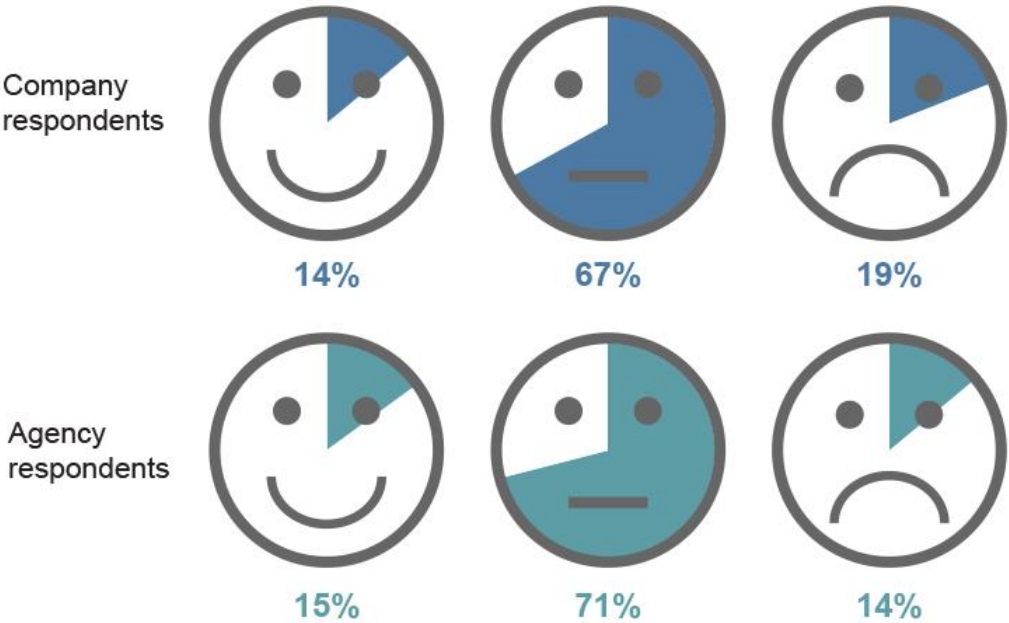
Confidence around the use of attribution models is clearly not strong. A report by retargeting company AdRoll found that 91% of marketers claim to understand the value of attribution, however, recent Econsultancy roundtables on the subject have revealed that many lack the internal skills and budget to enable the implementation of attribution technology.

Those who have implemented attribution models that go beyond the standard last click have struggled to join up online and offline, and there is uncertainty around the ability of models to accurately assign value. In essence, many marketers don't yet trust the more complex attribution models.

Figure 16 reflects this lack of confidence. When asked if they were happy with their marketing attribution model, more than two-thirds were neutral (67%), and only 14% responded positively. Agency respondents were very much on the same page as their client-side counterparts, with 15% saying their clients were happy with their attribution models, and 14% unhappy.

Levels of confidence in the accuracy of attribution models generally stems from the level of confidence one has in the underlying data. Combining multiple datasets, particularly cross-device and offline/online, continues to be a major challenge for marketers, particularly with the rate of change in digital marketing affecting the volume and format of available data.

Figure 16: Broadly speaking, are you (or your clients) happy with your / their marketing attribution model or models?



Company respondents: 111
Agency respondents: 92

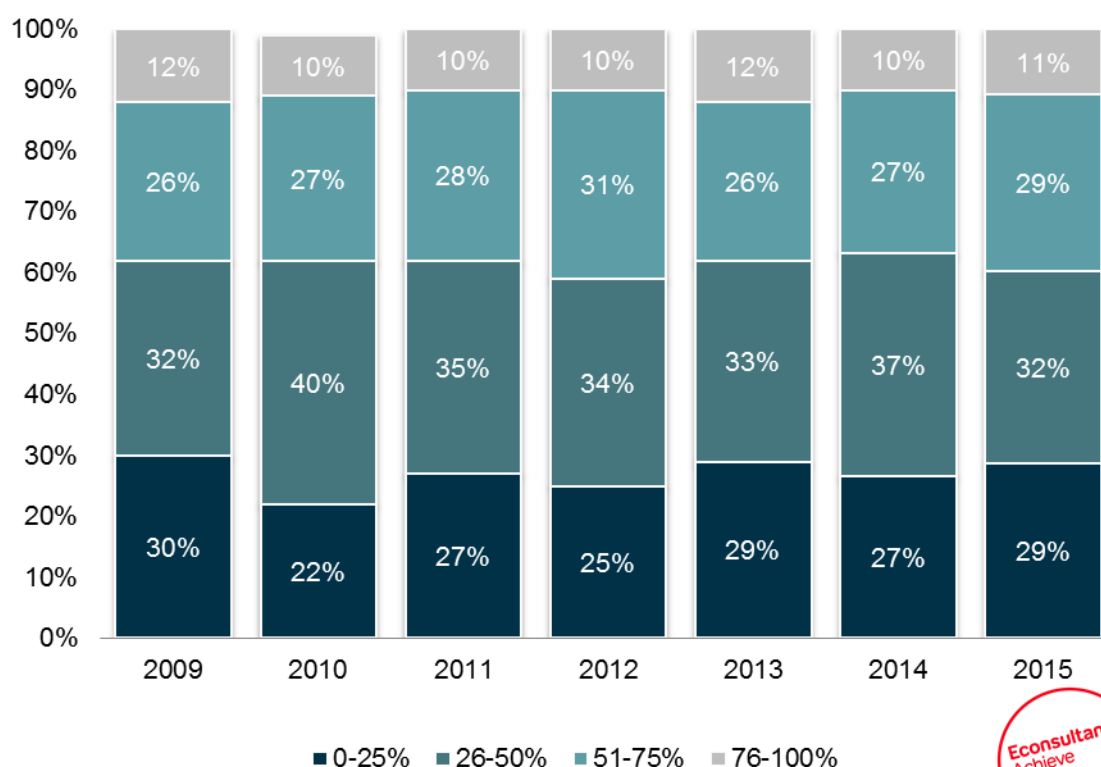
7. Moving from data to action

By now, given the number of years we have anticipated the possibilities unlocked through data, it should be clear that data can transform how organisations operate. However, this is predicated on organisations actively using the analytics data they have collected.

Currently, two in every five companies (40%) say more than half of their collated analytics data is useful for driving decision-making (*Figure 17*). That represents an 8% increase since 2014 and is the highest proportion of companies since 2012.

Company respondents

Figure 17: Approximately, what percentage of the analytics data you collect is useful to your organisation for driving decision-making?



Respondents 2015: 356
Respondents 2014: 332 | 2013: 294 | 2012: 291
2011: 363 | 2010: 213 | 2009: 292

This is particularly encouraging, if not somewhat expected given the increased emphasis on using data throughout the business. The challenge for businesses is to meld the data component of the decision-making process with the more traditional considerations. Organisations that make decisions without consulting the data available run the risk of ignoring customer insight; a taboo in today's customer-centric environment. On the other hand, data-first or data-only strategies often shun the sensibilities and creativity that naturally evolve from human discussion and instinct.

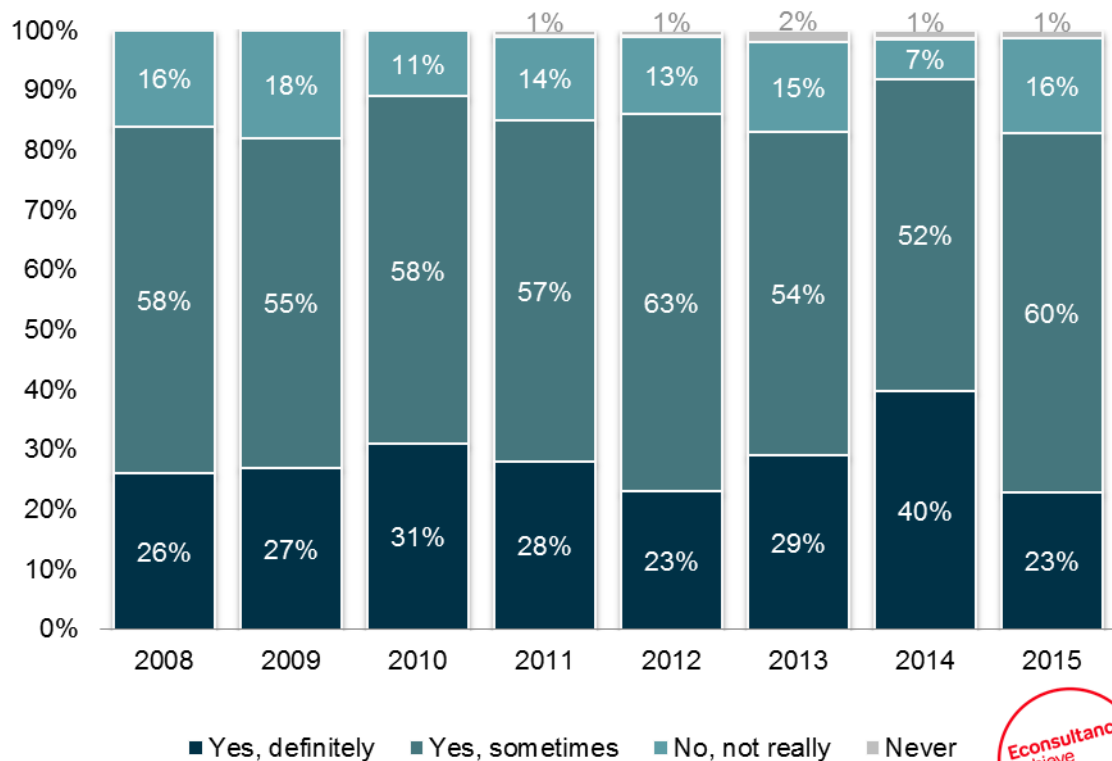
Although more analytics data is being used for decision-making, the same is not true for other parts of the business and supports previous research, where most marketers and digital professionals stated they are unable to extract the full value from their data sources⁶. One area

⁶ <https://econsultancy.com/blog/66461-big-data-is-broken-but-whose-job-is-it-to-fix-it/>

where organisations are really struggling is the use of analytics to drive actionable recommendations.

Company respondents

Figure 18: Do analytics drive actionable recommendations which make a difference to your organisation?



Respondents 2015: 368
 Respondents 2014: 362 | 2013: 319 | 2012: 292
 2011: 362 | 2010: 211 | 2009: 293 | 2008: 350

As illustrated in *Figure 18*, there has been a significant drop in the proportion of companies who say that analytics ‘definitely’ drive actionable recommendations which make a difference to their organisation. Just 23% of respondents were in this camp, compared to 40% last year, a huge decrease of 43%.

Part of the issue stems from who makes the decisions and how they are often made in organisations. Even where data is brought into the equation, if the key stakeholders that own the decision in question are not inclined to go with the data available, the analytics can often be an afterthought.

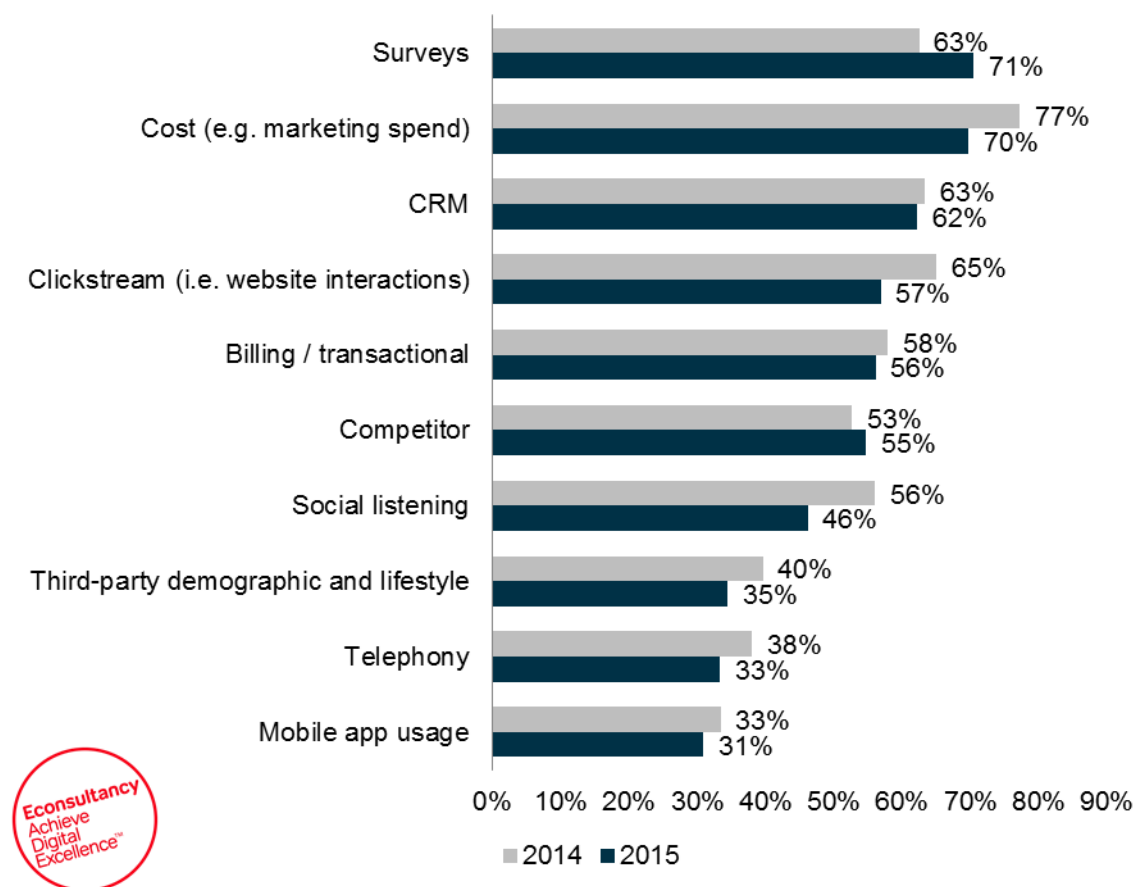
A way of reducing such discarding of data is by creating a ‘common currency’ – a metric or group of metrics that are universally important to a broad range of stakeholders.⁷ By not just making the measurable important but rather making the important measurable, data becomes a better indicator of success and a better enabler for driving change.

The key to this strategy is ensuring the focus is on the variables stakeholders will deem as important, which will often be highly relevant to their businesses goals. Respondents were asked about the types of data used in order to help them meet their business goals.

⁷ <https://econsultancy.com/blog/66497-the-three-biggest-discussions-driving-content-strategy-transformation/>

Company respondents – change since 2014

Figure 19: Proportion of companies using the following types of data in order to help meet their business goals



Respondents 2015: 349
Respondents 2014: 339

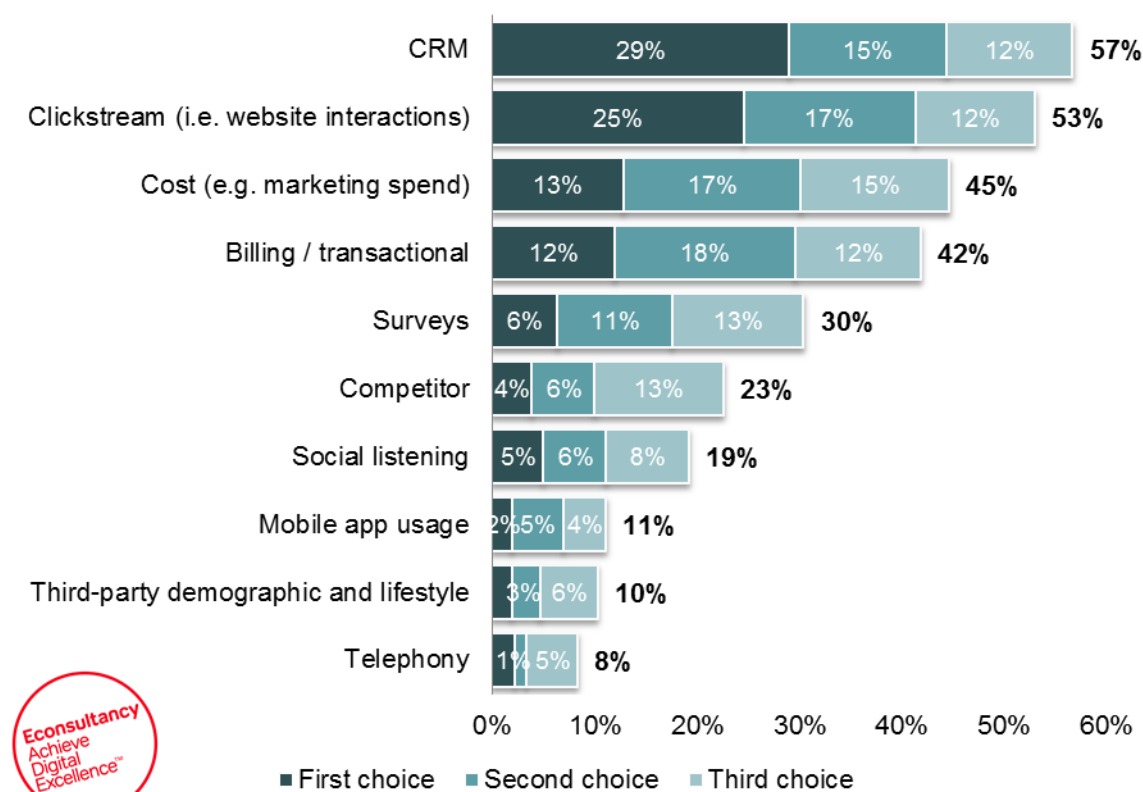
As shown above, the most common type of data used for the purposes of meeting business goals is *surveys*, with 71% of respondents selecting this, an increase of 13% since 2014. While *cost* data was selected by the second highest proportion of respondents (70%), it also represents one of the largest year-on-year decreases for this particular question (-9%). Rounding out the top three is *CRM* data, with nearly two-thirds (62%) selecting this.

Interestingly, it appears *social listening* data is significantly less likely to be used as part of defining what success looks like, with 18% fewer companies using it in their arsenal of data sources.

Organisations also identified which types of data are most critical for the purposes of meeting business goals (*Figure 20*). As was the case last year, the data type holding the most importance to business success is *CRM data*, with 57% of company respondents ranking it in their top three and 29% making it their first choice.

Company respondents

Figure 20: Please rank the five most important types of data for meeting business goals.



Respondents: 358

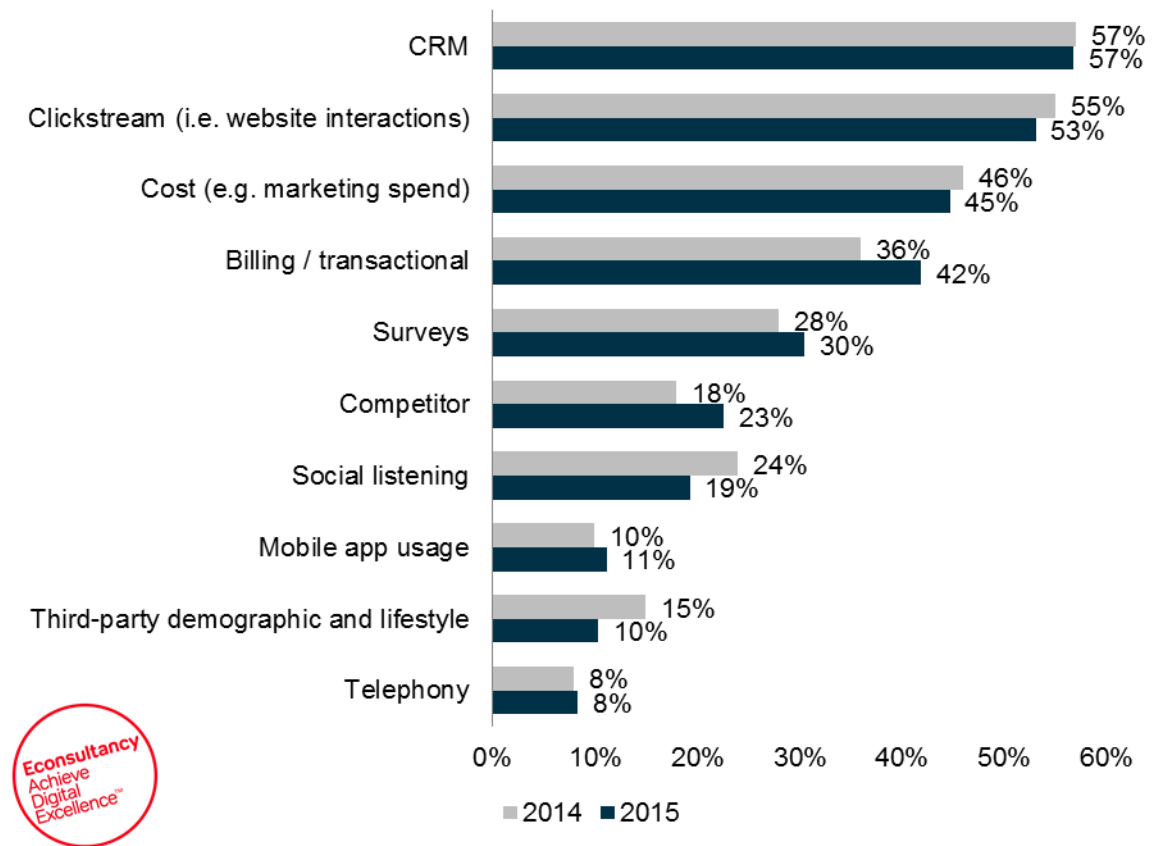
Also among the top three most important data types for more than half of the responding client-side marketers is *clickstream* data (53%). *Cost* (45%) and *billing/transactional* (42%) data were the only other data types to be selected by at least 40% of companies and receive at least 10% of the first choice votes.

Any of the data types above can lead to useful insights that are capable of providing business success. However, these are all also capable of *not* being useful for meeting the businesses overall goal.

The key for marketers, digital professionals and indeed the entire organisations, is to define what is actually important to business success and then determine how it can be managed. If done correctly, this will ensure that the right types of data are collected and used. While incorporating this is no easy feat, it will allow data to be a more natural component when it comes to suggesting change.

Company respondents – change since 2014

Figure 21: Proportion of companies rating types of data as top-three choices in terms of importance for meeting business goals



Respondents 2015: 358
Respondents 2014: 347

8. Tag management and the importance of a data layer

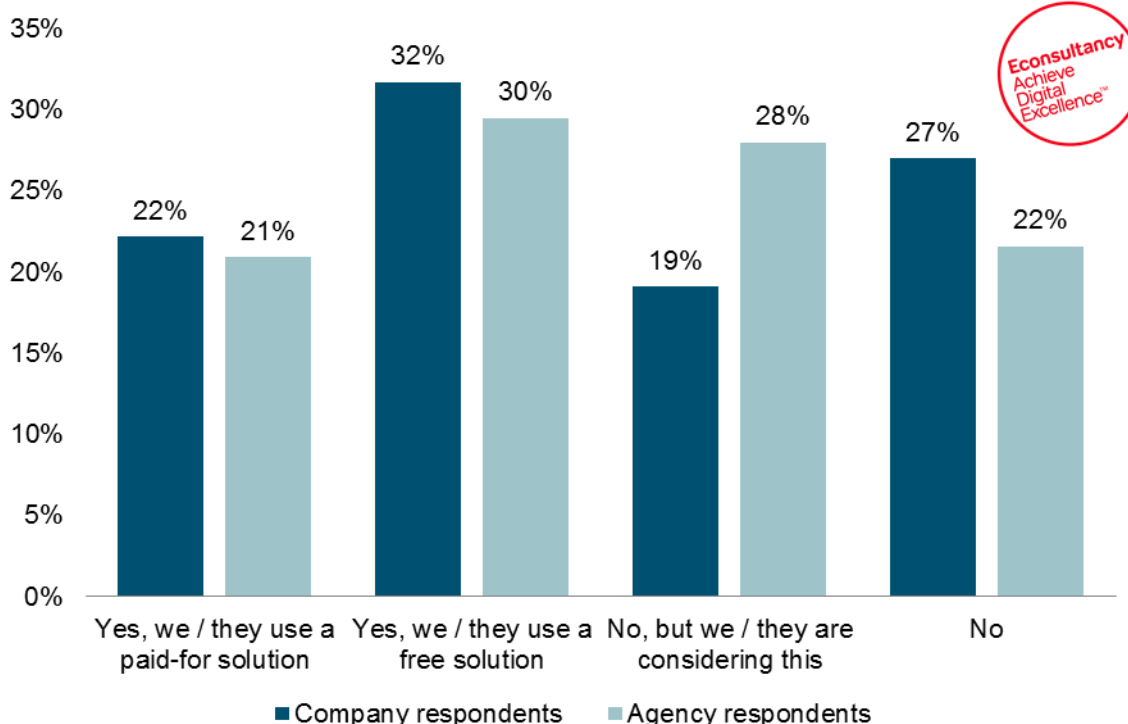
It is only a few years since tag management came on to the radar of marketers and ecommerce professionals as a way of gaining control amid a proliferation of third-party tags from a host of different vendors, ranging from site analytics and multivariate testing to retargeting and affiliate marketing.

A tag management system (TMS) means that coding lines of HTML and JavaScript are replaced by a web interface where technologies and pages can be unified and controlled.

The 2013 version of this report found that 24% of companies were using tag management systems, but that number has now more than doubled to 54% of organisations (*Figure 22*). Just under a third of respondents (32%) say their companies are using free solutions (such as Google Tag Manager), while just over a fifth (22%) are using a paid-for solution.

According to *Figure 39*, the proportion of companies using a TMS has increased from 43% last year to 48% this year, a slightly lower proportion of companies than is indicated in *Figure 22*, perhaps because of a question mark in some respondents' minds as to whether they are actually using their free solution. Although there is a discrepancy in the data as to the exact proportion of companies using a tag management tool, it is clear that this type of technology now has around 50% market penetration.

Figure 22: Do you (or your clients) use a tag management system?



Company respondents: 356
Agency respondents: 268

For this year's research we wanted to ascertain whether companies had mapped out a data layer or not, a process which is increasingly seen as a prerequisite for successful tag management and data strategies because of the increased control and agility which it can afford marketers. According to tag management vendor Ensighten, a data layer is “*essentially a dictionary of data definitions in business language*” and a bit like a ‘look-up table’.

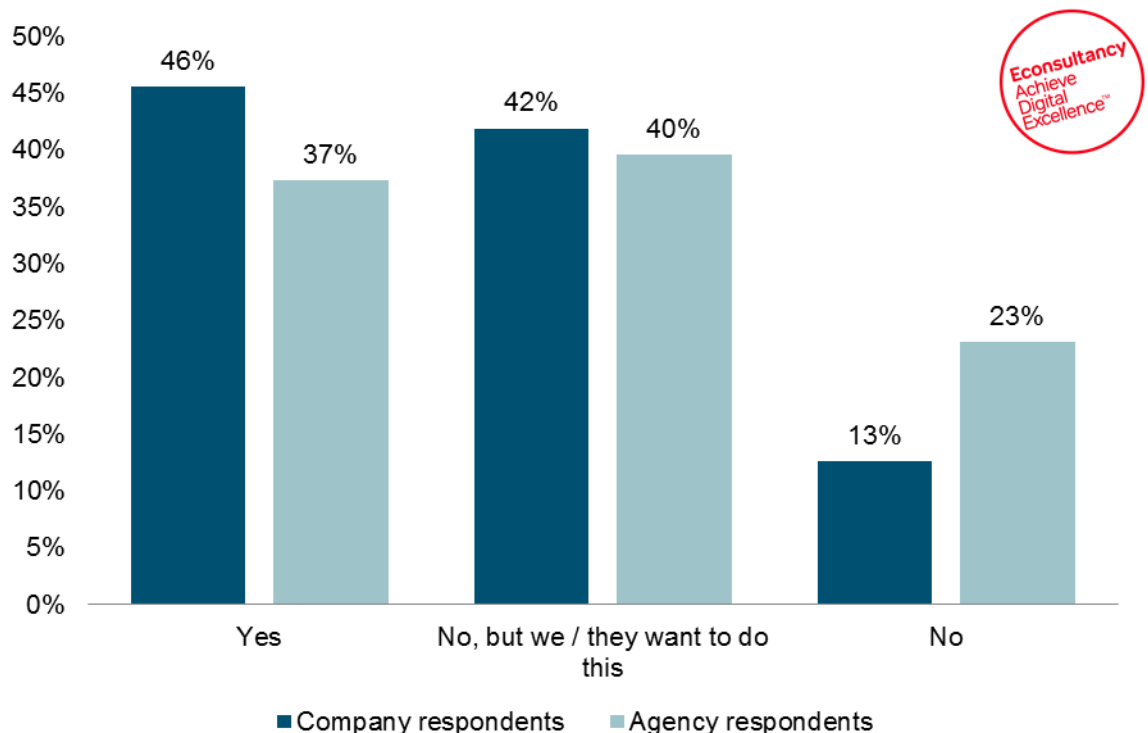
For the more technically minded, it is defined as “*a JavaScript object that contains all the contextual and visitor behaviour information collected by various digital services tags, such as analytics, retargeting, shopping carts, etc. Similar to how CSS isolates information about a web page's appearance (fonts, colours, layout) from how a web page acts (HTML), a data layer allows you to separate data collection, manipulation and delivery from the web page's structure.*”

According to Tealium, another vendor, “*it's a 'layer' because it is a logical element of the technology stack that delivers the interactive customer experience on your website or mobile app.*”

Figure 23 shows that less than half of companies (46%) have mapped out a data layer for their tag management system, which means that the majority of companies are failing to harness this technology as effectively as they might. A further 42% of respondents say they are planning to do this, which shows that it is now at least widely recognised as a crucial stage of the process.

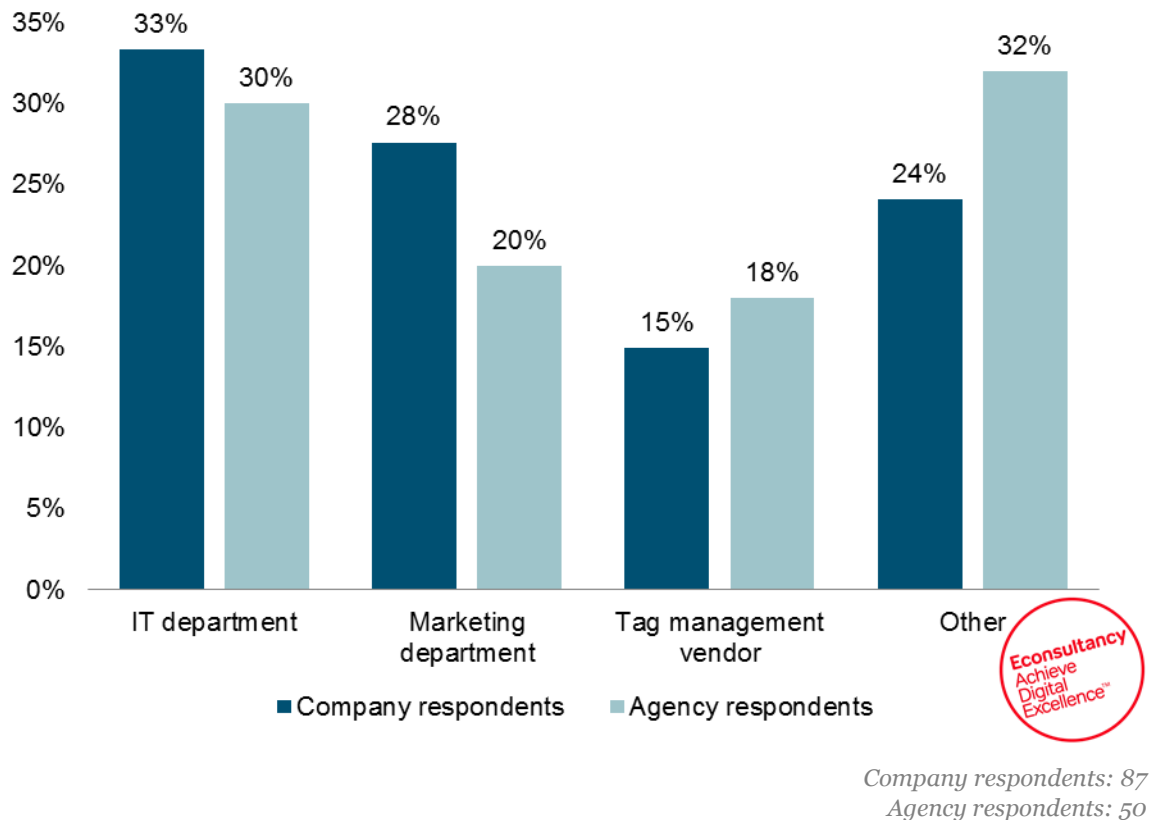
Figure 24 shows which company function has been responsible for mapping out the data layer. A third of respondents (33%) who have gone through this process say that the IT function took ownership of this, while a further 28% said this was the responsibility of the marketing function. A further 15% said that the tag management vendor did this for them, while 24% said that this was done by someone else, either dedicated ‘analytics’ or ‘digital’ teams. In the case of supply-side respondents, ‘other’ often included specialist agencies and consultancies.

Figure 23: Have you (or your clients) mapped out a data layer for your / their tag management system?



Company respondents: 191
Agency respondents: 134

Figure 24: Who is or was responsible for mapping out the data layer?



How has a tag management system has either helped or hindered deployment?

“[Tag management] has allowed us to do things at a faster pace and collaborate better with our agency partner. Tag additions/removals are highlighted in Google Tag Manager and then approved on our side. There is still, however, an element of confusion across some of the developer teams about how we, as a marketing team, are using Google Tag Manager and the process around making deployments etc. I think this stems from a distrust of marketing team’s technical capabilities.”

“It has allowed us to make changes to tagging implementation more quickly, and it can be done outside of the normal release schedule.”

“It made tagging much easier. The IT department is no longer a bottleneck when it comes to trying out new vendors or marketing techniques. Our tag management system also allows us to fire tags in a more complicated way so no extra JavaScript is holding up the websites.”

“The tag management system has absolutely aided quicker turnaround for new initiatives, greater control for analytics and better quality of data across multiple platforms.”

“Until we started using the tag management solution, we didn’t know what a data layer was. Now that we know what it is and have tag management in place, we can move forward with it.”

“It is useful where it is used, but only part of our web analytics deployment is using a container tag, the rest is hard-coded on the site. The challenge is to fully move to a container tag solution in a cost and risk-adverse environment.”

“Being a financially regulated organisation, a tag management system has really hindered deployment due to code regulations on transactional pages.”

“It makes deployment faster, but is not quite as easy to use as the vendor would have you believe, and the learning curve to make best use of it was very steep.”

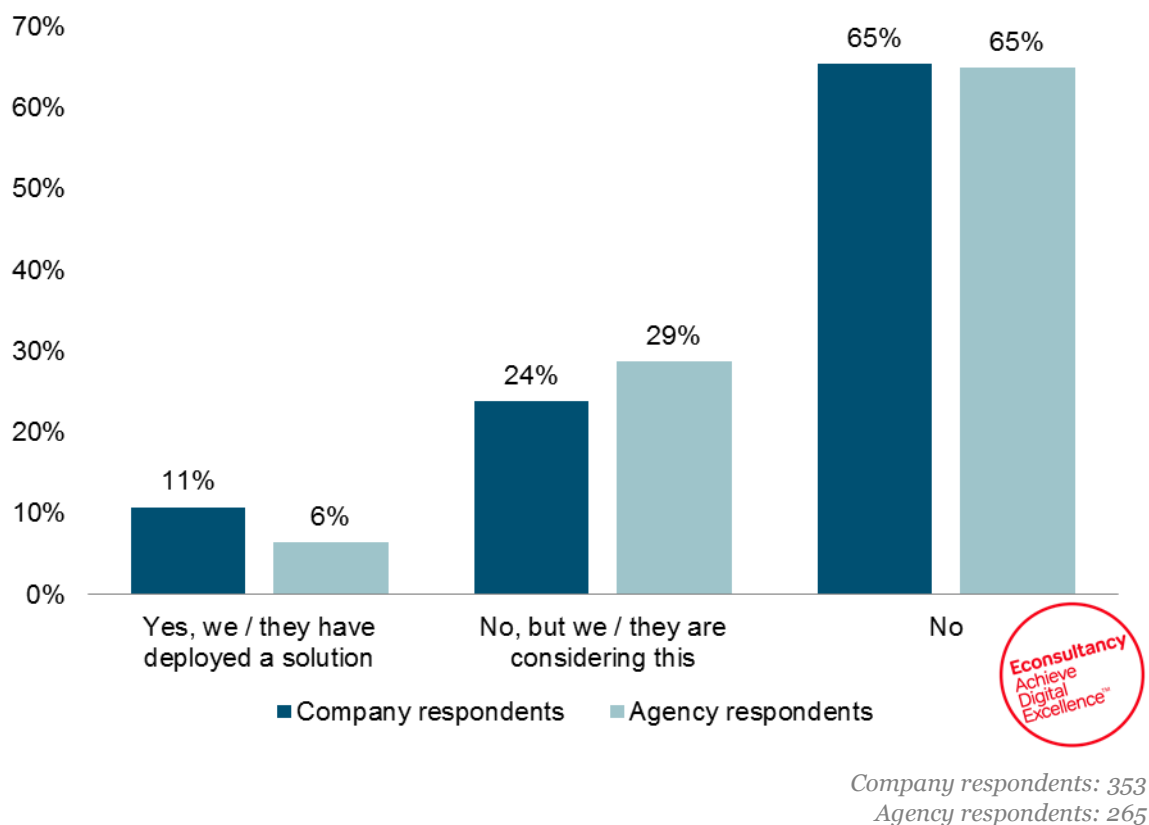
Company respondents

9. Big data technology solutions – the future of analytics?

Nearly one year ago, 'big data' was among a handful of technologies which were pushed downhill to the trough of disillusionment in Gartner's Hype Cycle⁸. While some concluded that it was somewhat expected, others quipped that this couldn't be further from the truth. Proponents of this technology suggest that organisations can certainly derive insights from their data, but they first need to store and process it, and this is where big data solutions come in.

The big data technology market shows no signs of waning and many organisations recognise the increasing potential of these tools to boost processing abilities and help uncover insights which would otherwise remain beyond reach. Last year, around three-quarters of client-side respondents (76%) agreed that '*big data uncovers optimisation opportunities not possible with traditional approaches*'.

Figure 25: Has your organisation / have your clients deployed a 'big data' technology solution (e.g. Hadoop or BigQuery) for storing and processing data?



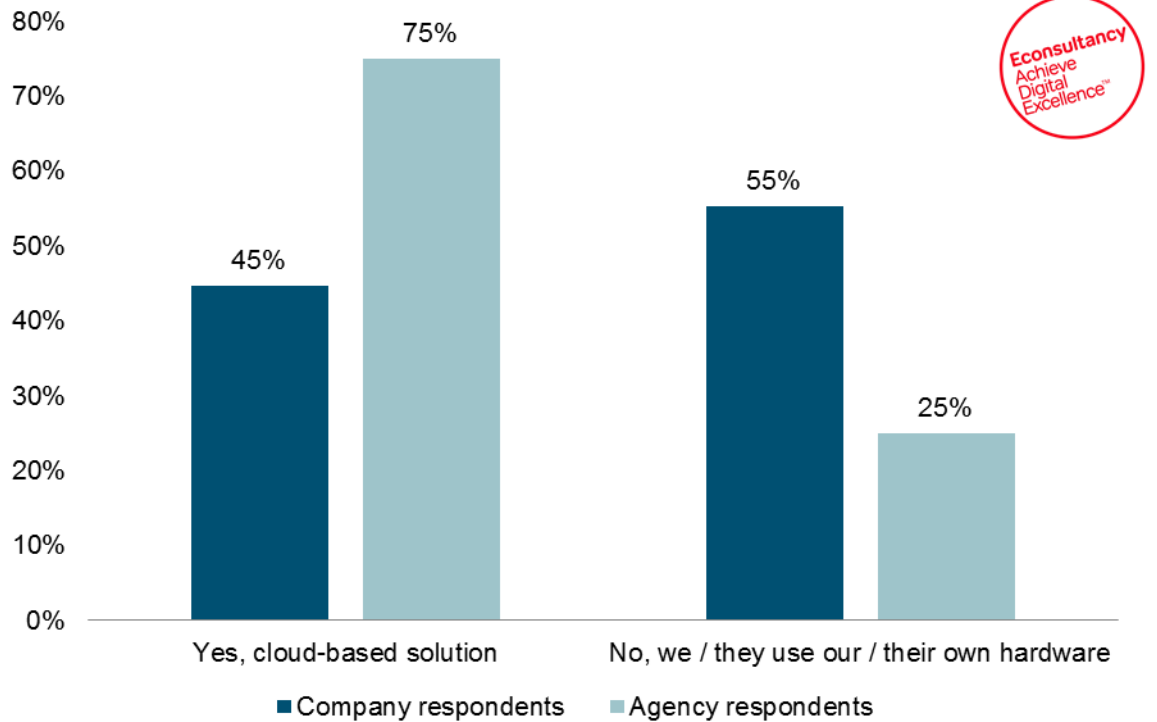
Although those who have deployed a big data technology solution are still in the minority (11%), a further 24% are considering one (Figure 25). Among those that use a big data solution, just under half (45%) say they use cloud-based technologies (Figure 26), which claim to address infrastructure demands in a flexible and cost-effective way.

Just under a third (30%) say they use Hadoop, which has long been viewed as the poster child for big data (Figure 27). Additionally, it's worth noting that the same percentage (30%) indicate they use an in-house solution. This is probably because many organisations are looking for a more tailored and customised solution, developed with a particular purpose or sector in mind.

⁸ <http://www.gartner.com/newsroom/id/2819918>

Organisations which have formally documented data analytics strategies (either straddling both digital and non-digital or focusing on digital only) are significantly more likely to use big data technologies than those without a strategy in place: 25% and 13% respectively compared to only 7%.

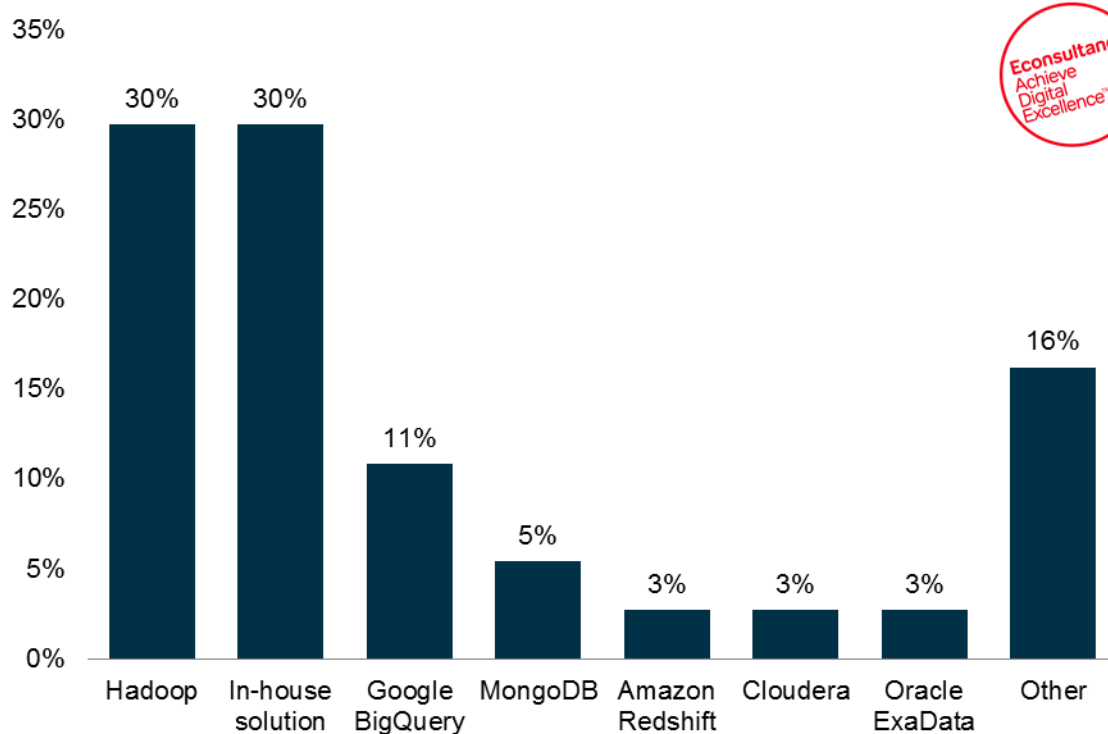
Figure 26: Are you (or your clients) using a cloud-based solution for this?



Company respondents: 38
Agency respondents: 16

Company respondents

Figure 27: What big data solution are you using?

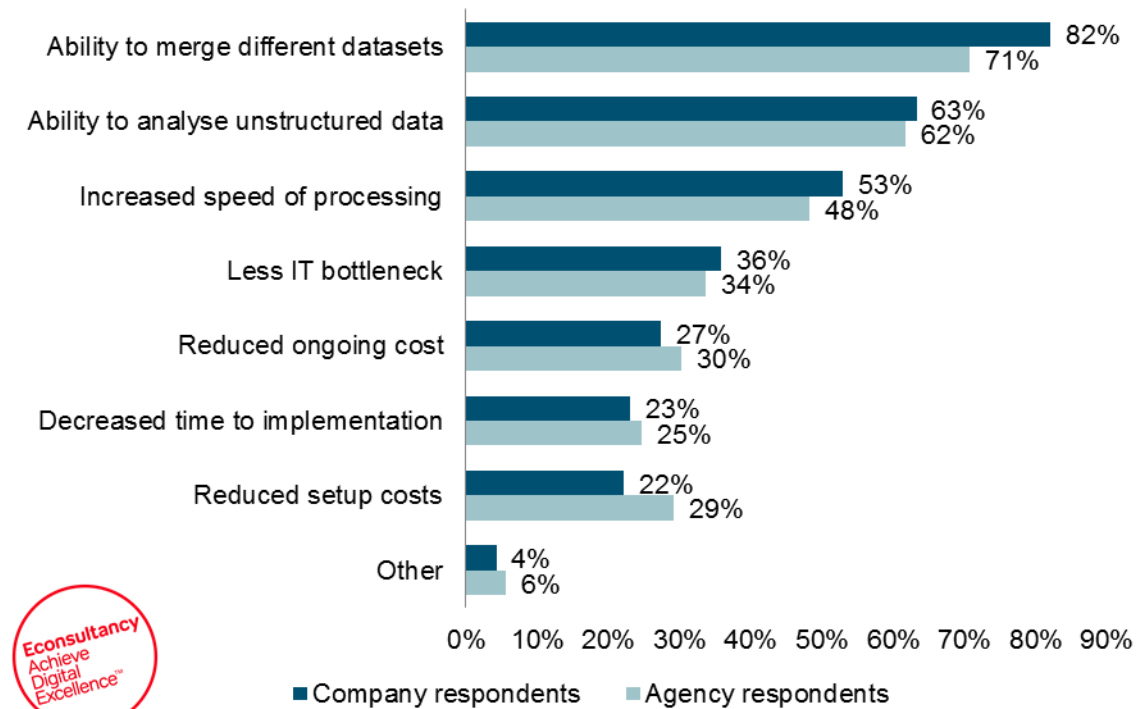


Respondents: 37

A key area that big data solutions aim to provide help for is the storage, processing and analysis of large datasets, particularly around unstructured data. So it comes as no surprise that *ability to merge different datasets* (82%) and *to analyse unstructured data* (63%) are perceived to be the main benefits of using this technology.

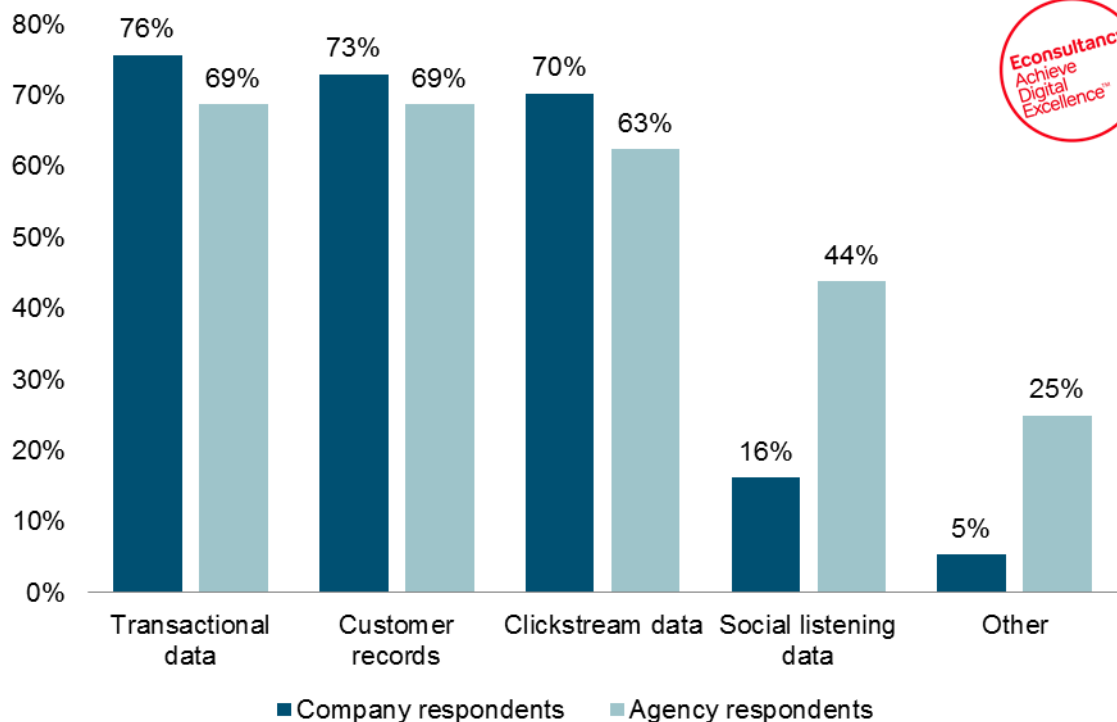
Client-side respondents and agencies are mostly in agreement that *transactional data* (76%), *customer records* (73%) and *clickstream data* (70%) are most often processed or merged within these data solutions. Interestingly, agencies are nearly three times as likely as their client-side counterparts to mention *social listening data* (44% compared to 16%).

Figure 28: What do you see as the benefits of using such as solution?



Company respondents: 117
Agency respondents: 89

Figure 29: Which types of data are you (or your clients) processing or merging within your (or their) data solution?



Company respondents: 37
Agency respondents: 16

10. Growing investment in internal analytics teams

As competencies around analytics have become more important, more companies are looking to grow their in-house analytics teams. As shown in *Figure 30*, *internal staff* is the only analytics budget area in which more respondents than last year are looking to increase their spending (50% for 2015, up from 46% in 2014).

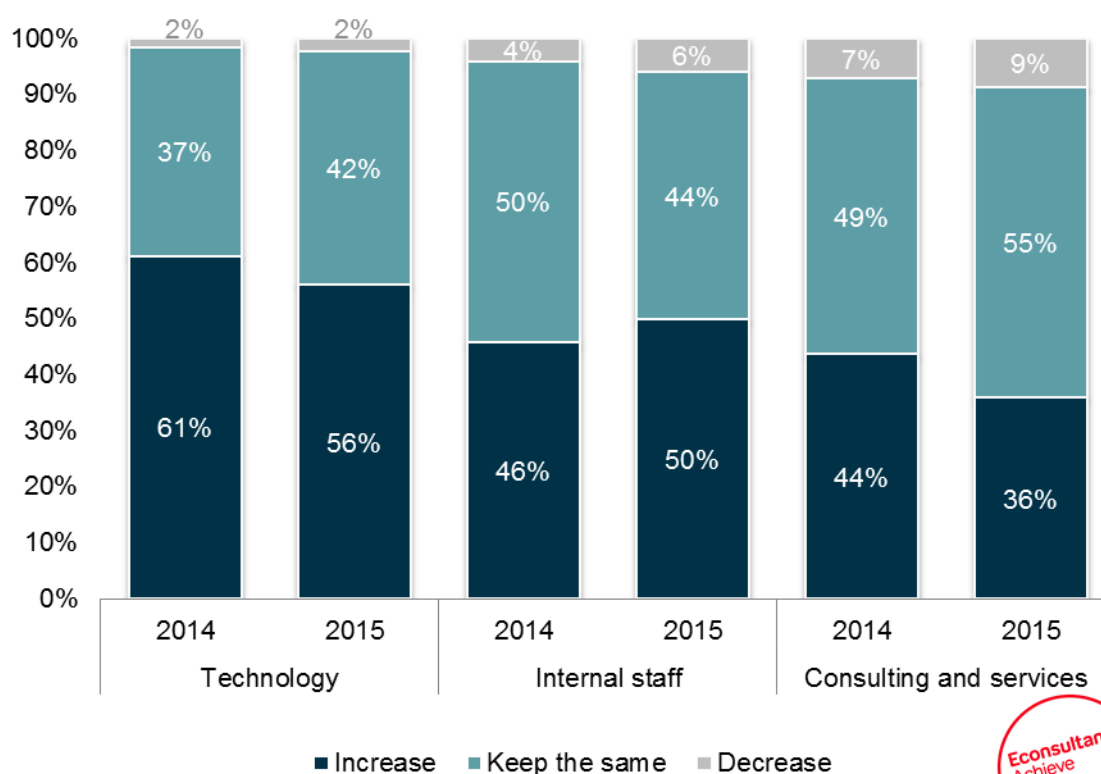
This is in stark contrast to the proportion of companies increasing their *consulting and services* budget, which has fallen to 36% in 2015, down from 44% in 2014.

Similarly, fewer companies are planning to increase their analytics-related *technology* budget over the next 12 months, a fall of 8% from 61% last year. This drop may owe more to the falling cost of technology than to a decreasing reliance on analytics tools.

This is a clear sign companies are seeing the value in growing and retaining measurement and analytical skills internally, so as to fully understand the amount of data generated by digital activity. In previous years, companies may have been limited by the sophistication in analytical tools so they have depended on the expertise of others to understand the impact of their digital initiatives.

Company respondents

Figure 30: Over the next 12 months, are you planning to increase your analytics budget in the following areas?



Respondents 2015: 266
Respondents 2014: 291

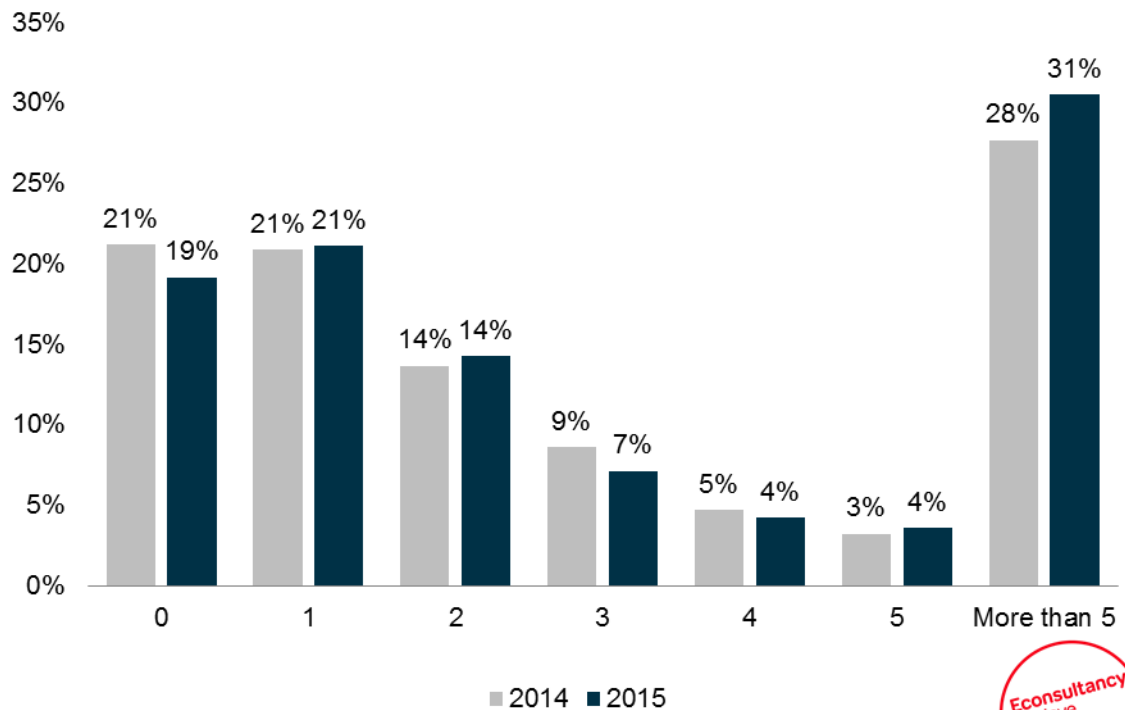


Both company and agency respondents are reporting that analytics teams are getting slightly larger. Just under a third (31%) of company respondents report that they have teams of five or more people in 2015, up from 28% for 2014.

Agency respondents (*Figure 32*) are significantly less likely than last year to report that their clients have no-one dedicated to analysis of data (18% for 2015, down from 24% in 2014), while there has been a near doubling of the number small teams of three people, from 8% to 15%.

Company respondents

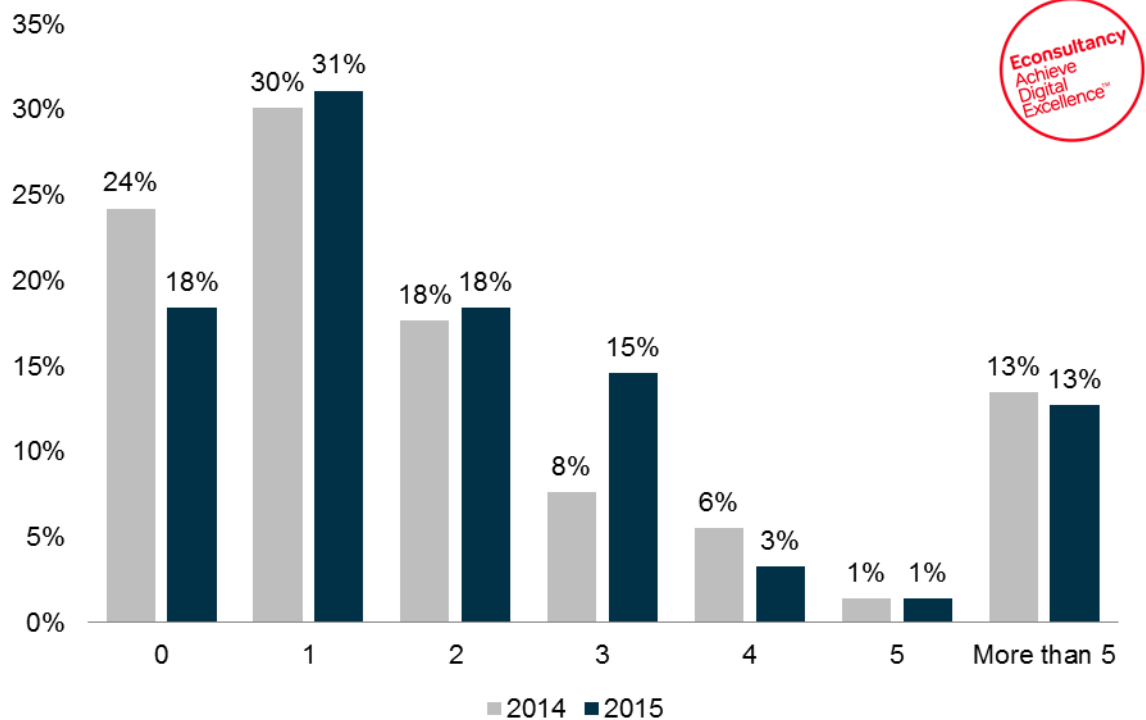
Figure 31: How many dedicated employees does your organisation have doing analysis of data?



*Respondents 2015: 332
Respondents 2014: 300*

Agency respondents

Figure 32: How many dedicated employees do your clients typically have doing analysis of data?



Respondents 2015: 248

Respondents 2014: 328

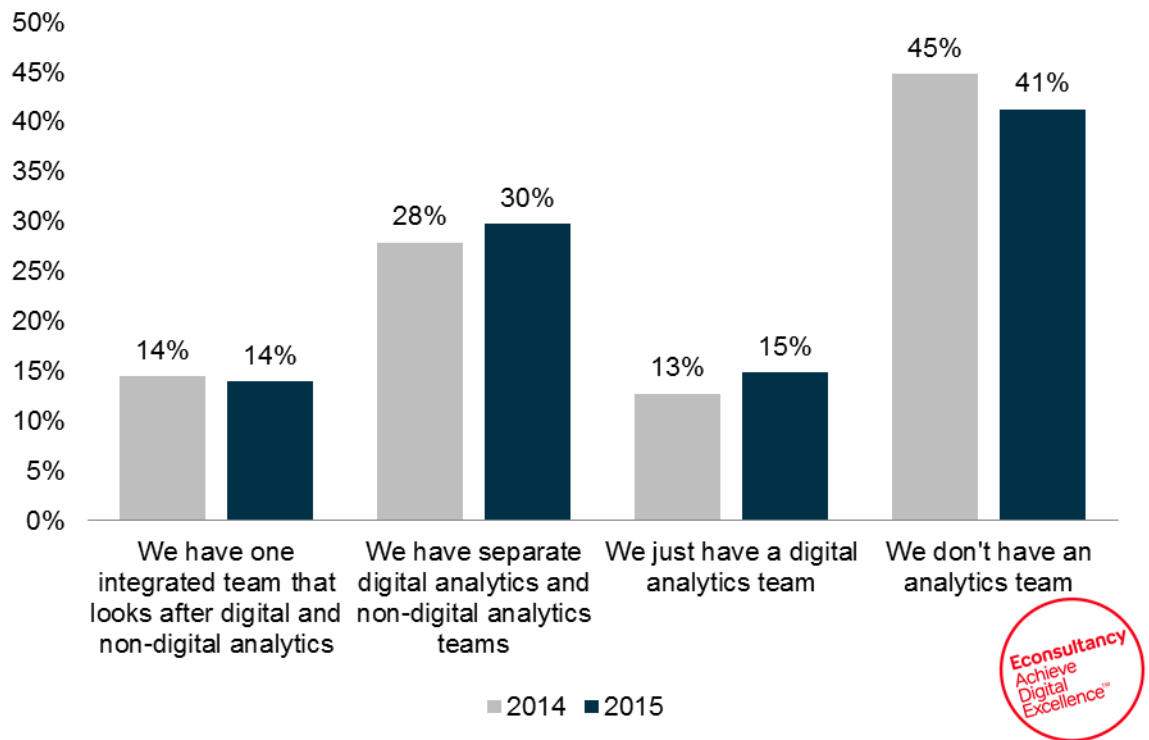
When asked to describe the structure of their analytics teams, 41% of respondents said they *don't have an analytics team*. While this is a lower percentage than last year's 45% figure, there is still clearly a large proportion of companies who either don't see the need for an analytics team or who can't find people equipped with the necessary skills.

Figure 34 shows the breakdown of this data by company size. It is striking that even some large organisations still don't have an analytics team. Just over a quarter (26%) of organisations with an annual turnover of more than £1 billion say that's the case, compared to nearly two-thirds (64%) earning less than £1 million.

Figure 35, showing agency responses, strikes a more encouraging note, with a significant 24% decrease in the proportion of respondents saying that their clients don't have an analytics team.

Company respondents

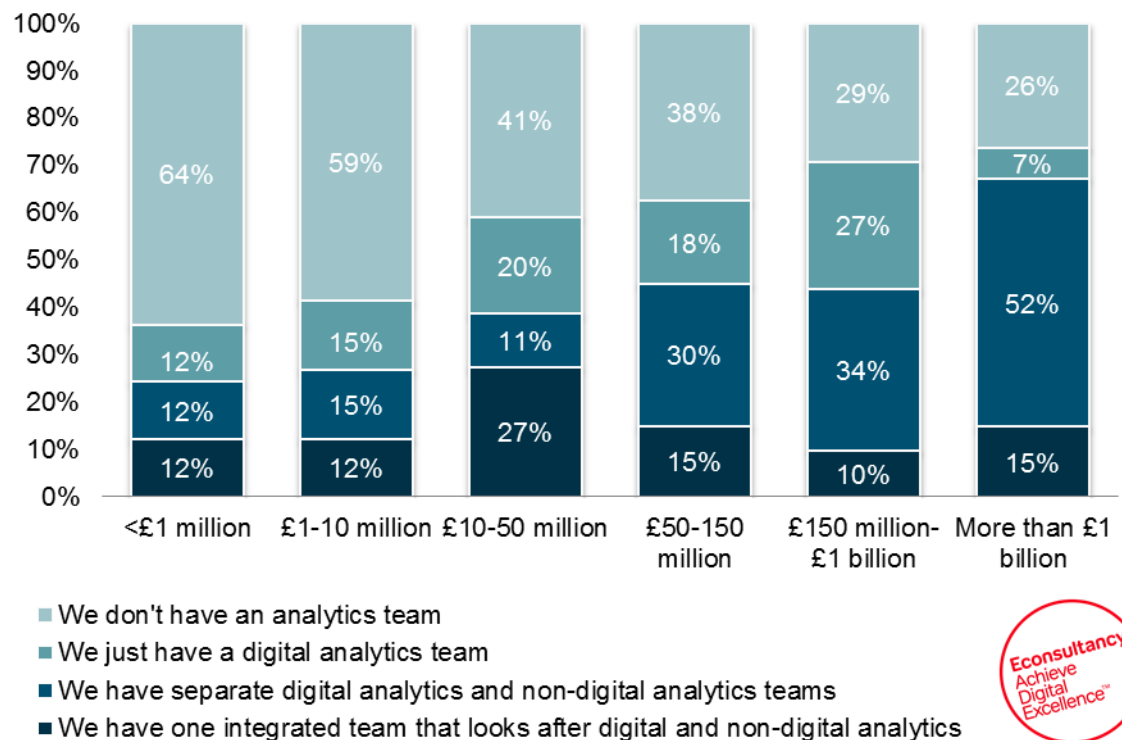
Figure 33: Which statement best describes the structure of your analytics team?



Respondents 2015: 332
Respondents 2014: 299

Company respondents

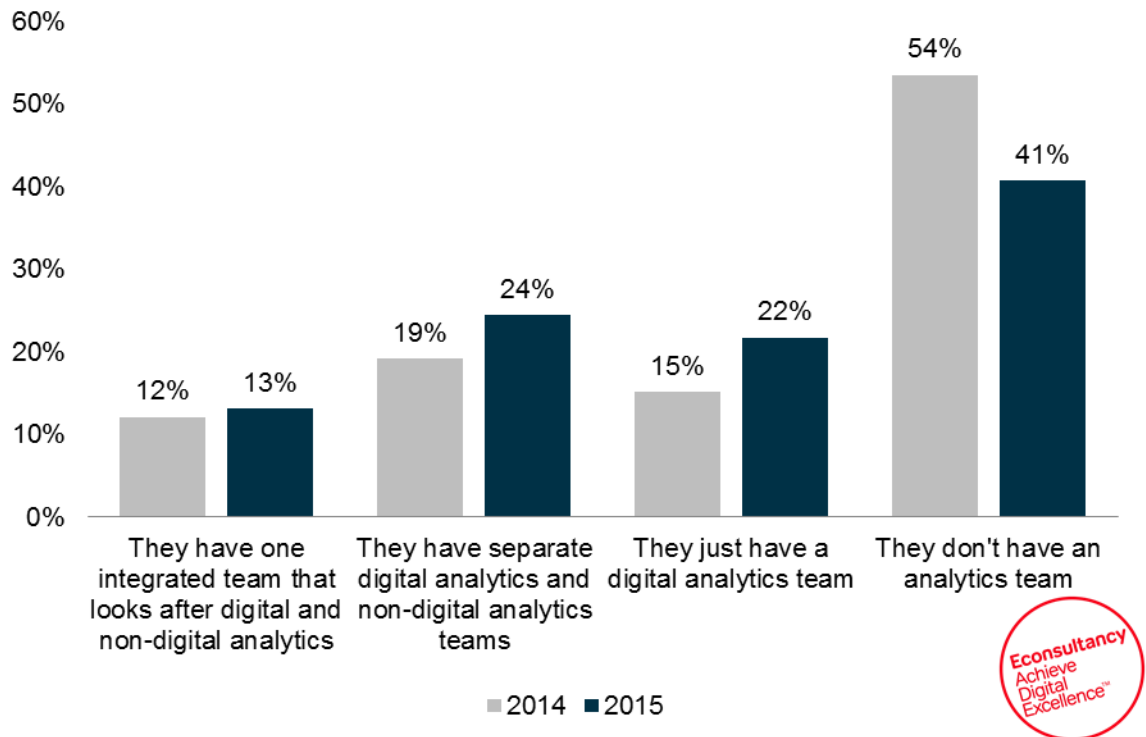
Figure 34: Structure of analytics team by company size



Respondents: 332

Agency respondents

Figure 35: Which statement best describes the structure of your clients' analytics team?



Respondents 2015: 250
Respondents 2014: 328

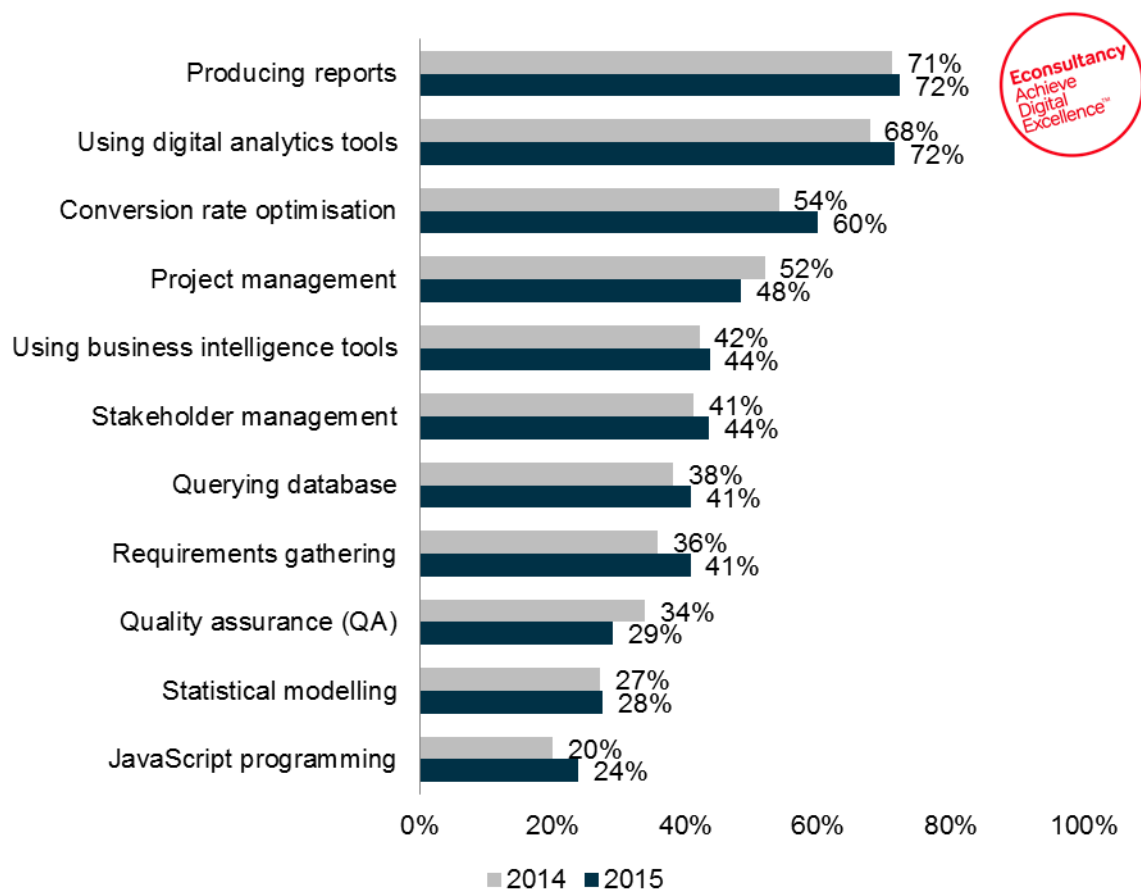
There has also been a slight increase in the number of organisations that say they have *separate digital analytics and non-digital analytics teams* (30% in 2015 against 28% in 2014). Agency respondents point to this as well, with nearly a quarter (24%) suggesting their clients do not integrate analytics teams together. This is a slight concern as best practice digital strategy advice would suggest that companies stand to benefit more when analytics teams are integrated across digital and non-digital activity.

The chart overleaf shows the proportion of companies saying that a range of analytics skills are in high demand.

Company respondents have reported a broad but minor increase in the demand for analytical skills. The most notable increases are in *conversion rate optimisation* with an 11% increase from 2014, and *using digital analytics tools*, up 6% since last year.

Company respondents – change since 2014

Figure 36: Proportion of companies saying the following analytics skills are in high demand



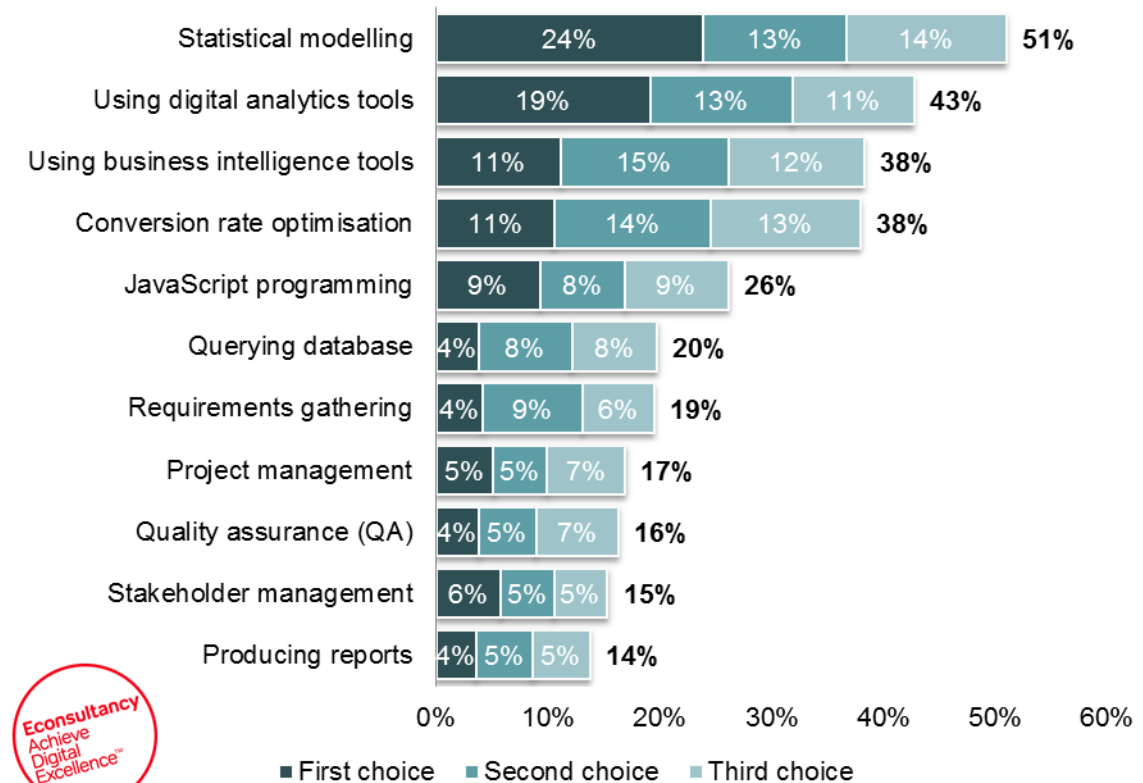
Respondents 2015: 320
Respondents 2014: 268

Company respondents were asked in which areas they thought they had the biggest skills gaps, and were given the chance to rank their top three areas. *Statistical modelling* was the area in which respondents thought there is the biggest skills gap with 24% of respondents considering it as their first choice, and 51% of respondents overall putting it as one of their three choices.

Statistical modelling also shows the biggest increase since 2014, when 40% of respondents put it as a top-three choice (Figure 38).

Company respondents

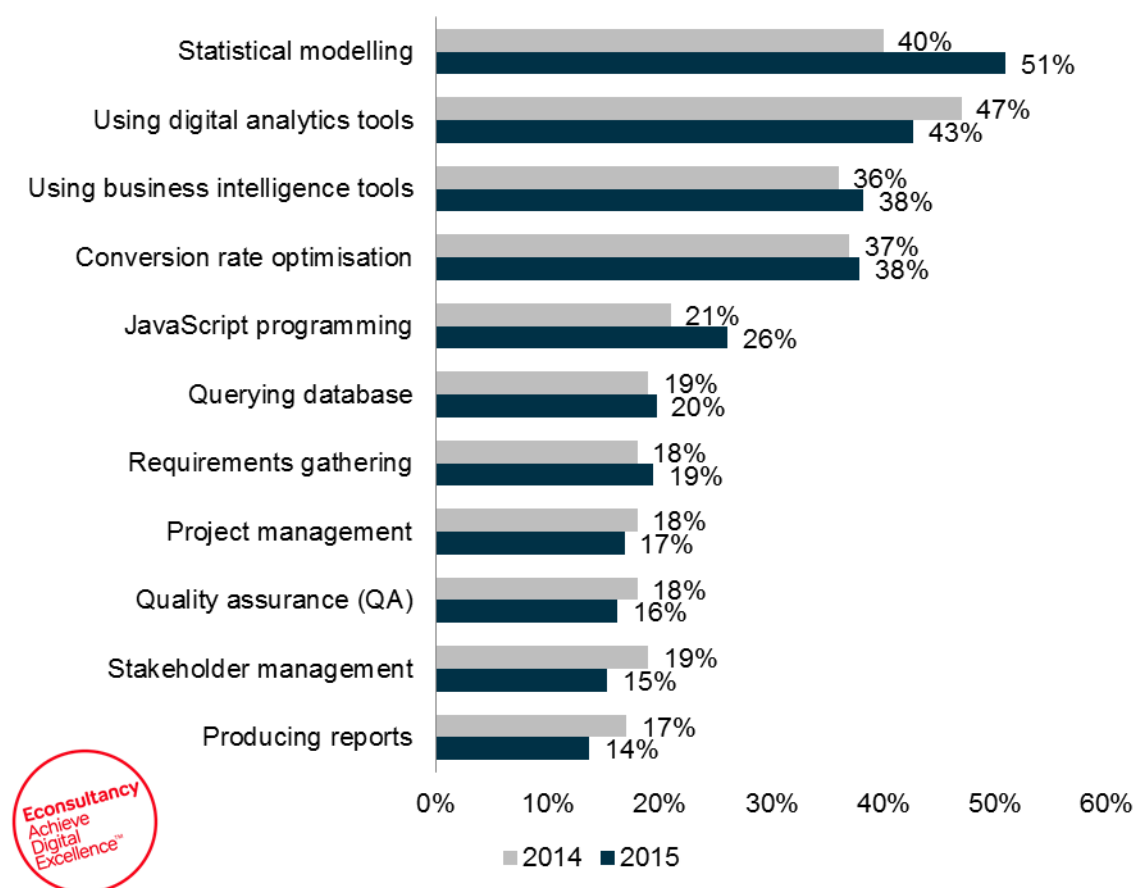
Figure 37: In which areas are the biggest skill gaps? Please rank your first three choices in order.



Respondents: 314

Company respondents – change since 2014

Figure 38: Proportion of respondents indicating as top-three skill gap



Respondents 2015: 314
Respondents 2014: 284

What do you see as the next step in the evolution of analytics for your organisation / clients?

“A central team which manages all digital analytics rather than silos of experts within teams.”

“Bringing in more senior analytics experts who can help to drive the analytics strategy and education of other teams within the business.”

“Building one analytics team independent of the channel, bringing online and offline analysis together.”

“Development of a new data analysis team combining both online and offline metrics.”

“Expanding team size, reviewing remit and reorganising to meet the ever-increasing business objectives.”

“Merging digital and non-digital analytics into one team.”

“Reorganising teams and tools to better support the entire business.”

“Analytics will merge with business intelligence. Clients start to understand that the online and the offline world and approach have to become part of an overall strategy. Importance of data and analytics is not debated any longer.”

“Building a team of experts who will be enabled to invest in technology.”

Survey respondents



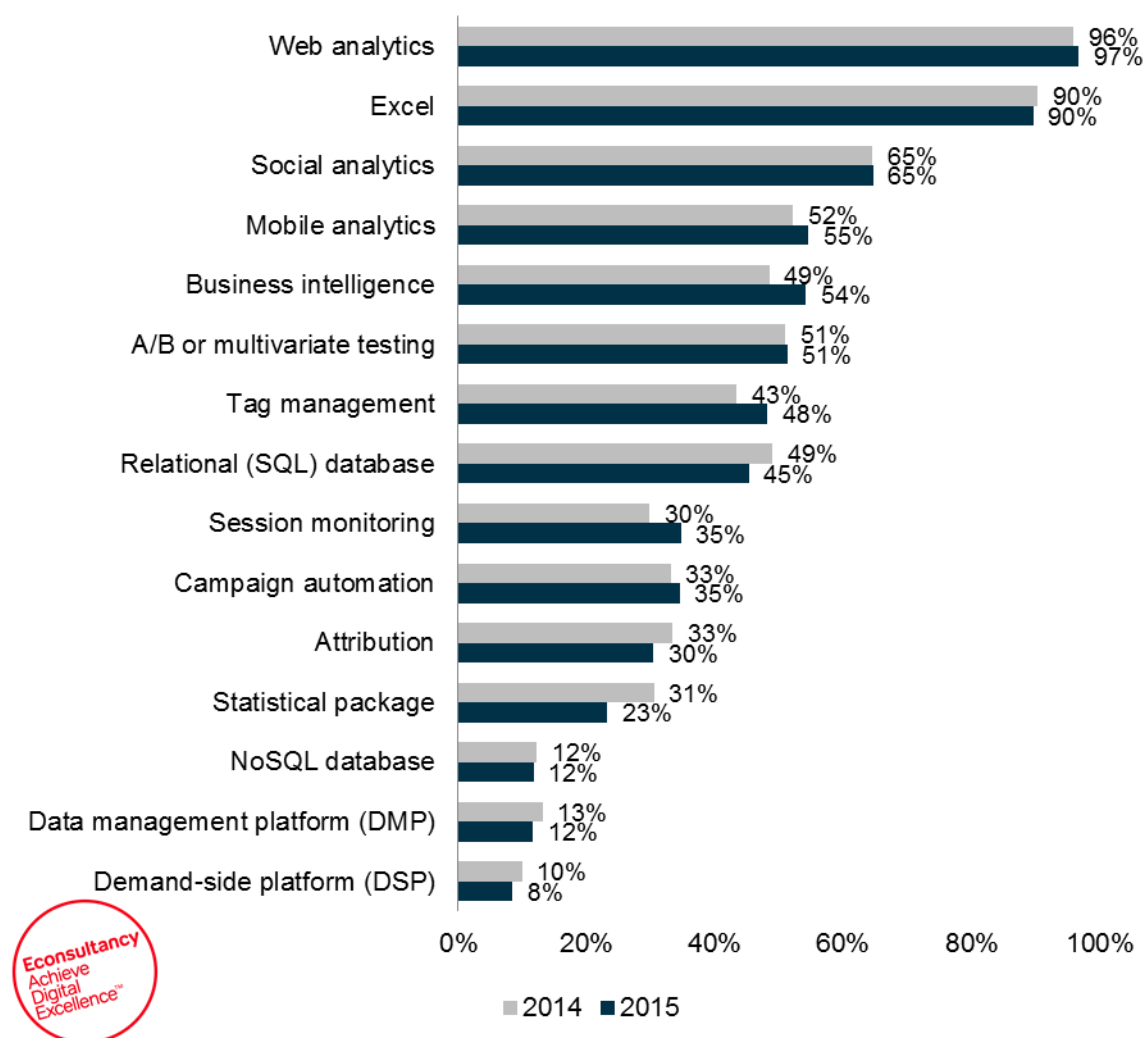
11. Digital analytics vendors – how they stack up

The large number of data-related tools shown in *Figure 39* is testament to the burgeoning role of technology within digital-centric businesses. In the context of collecting and analysing data, the kind of software embraced by organisations ranges from universally popular applications like Excel to more exotic three-letter acronyms such as DMPs and DSPs (respectively, data management and demand-side platforms).

As was the case last year, web analytics technology is almost universally used by companies responding to this survey, with the level of uptake now standing at 97% compared to 96% in 2014.

Company respondents – change since 2014

Figure 39: Proportion of companies using the following data-related tools or types of technology



Respondents 2015: 347
Respondents 2014: 326

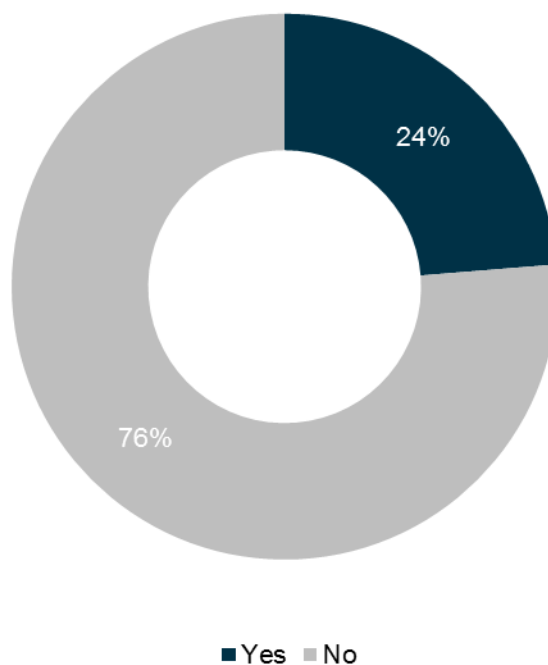
For this year's research we wanted to ascertain the extent to which companies were paying for support or consultancy from their digital analytics vendor. Around a quarter (24%) of businesses said their relationships with vendors extended beyond the provision of technology (*Figure 40*), and this segment of companies constitutes the sample for *Figure 41* which shows the level of criticality for a range of different support and consultancy requirements.

Supporting deployment, translating business requirements into analytics requirements and training end users to make the most of the tool are the three areas where the support of vendors is most in demand. Each of these requirements is rated as 'critical' by more than half of responding companies.

Integration of digital analytics with other tools (either with tools from the same vendor or a third party) is also widely seen as very important.

Company respondents

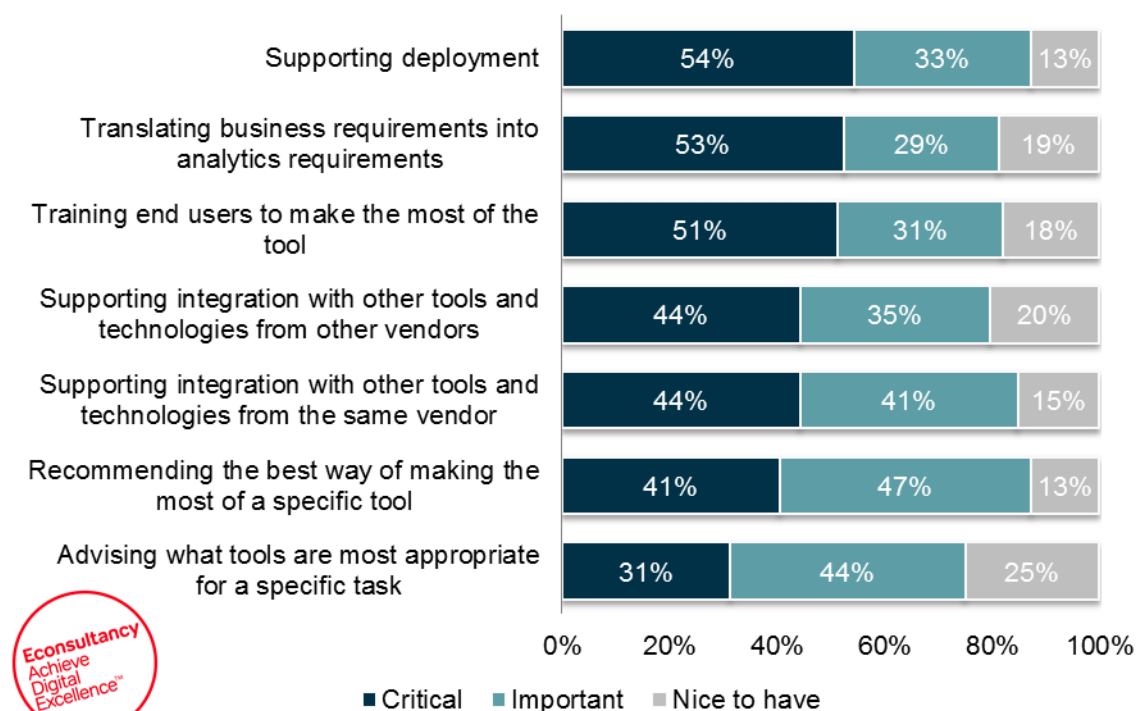
Figure 40: Do you pay for support or consultancy from a digital analytics vendor?



Respondents: 350

Company respondents

Figure 41: How important are the following support or consultancy requirements from an analytics vendor?



Respondents: 80

We also asked the same group of respondents to rate their vendors' performance across the same set of requirements. *Figure 42* shows the combined percentages for those rating their suppliers as 'excellent' or 'good', comparing this aggregated figure with the proportion of respondents rating the requirement as 'critical' or 'important'.

Vendors are strongest in the areas of supporting deployment, integration with other tools within their own technology suites, and recommendations about getting the most out of a specific tool. Just over half of responding companies rate their vendors as being at least 'good' for training and translating business requirements into analytics requirements.

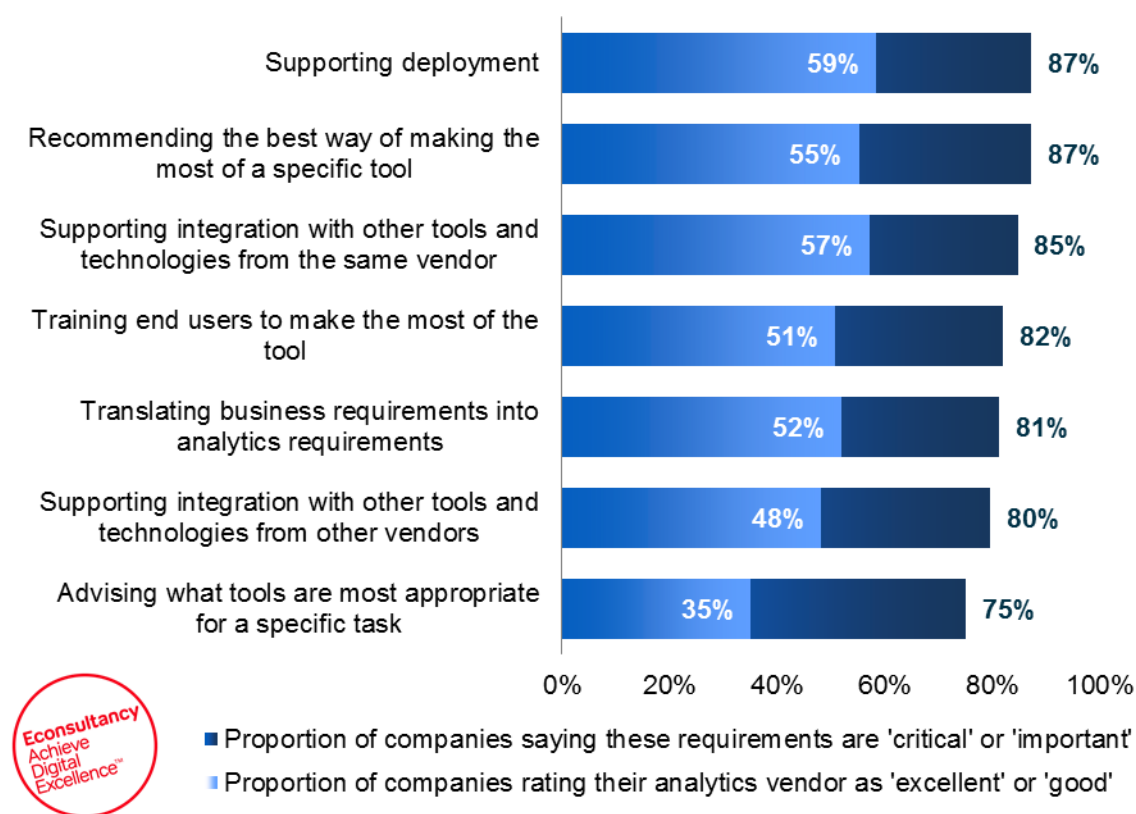
Companies are least satisfied in the areas of integration (with third-party tools) and advice around the best tools to use for specific tasks. Dissatisfaction in these areas may relate to the perception that vendors are not completely impartial.

The overall level of satisfaction with vendor support is illustrated by *Figure 43* which shows that responding companies are almost twice as likely to be happy with their vendors as unhappy. This reflects well on the digital analytics technology industry though the majority of respondents (59%) were straight-faced on this question.

There is more good news for vendors depicted in *Figure 44* which shows that respondents are generally happy with the speed of change in the context of digital analytics technology. Anecdotal evidence from past research has shown that companies get fed up with product updates and overhauls which often limit their ability to use and get the most out of the technology. However, this research suggests that, collectively, vendors are bringing out updates at an acceptable rate, i.e. not too slowly or too quickly.

Company respondents

Figure 42: Criticality of support or consultancy requirements versus performance of analytics vendors



Respondents: 80

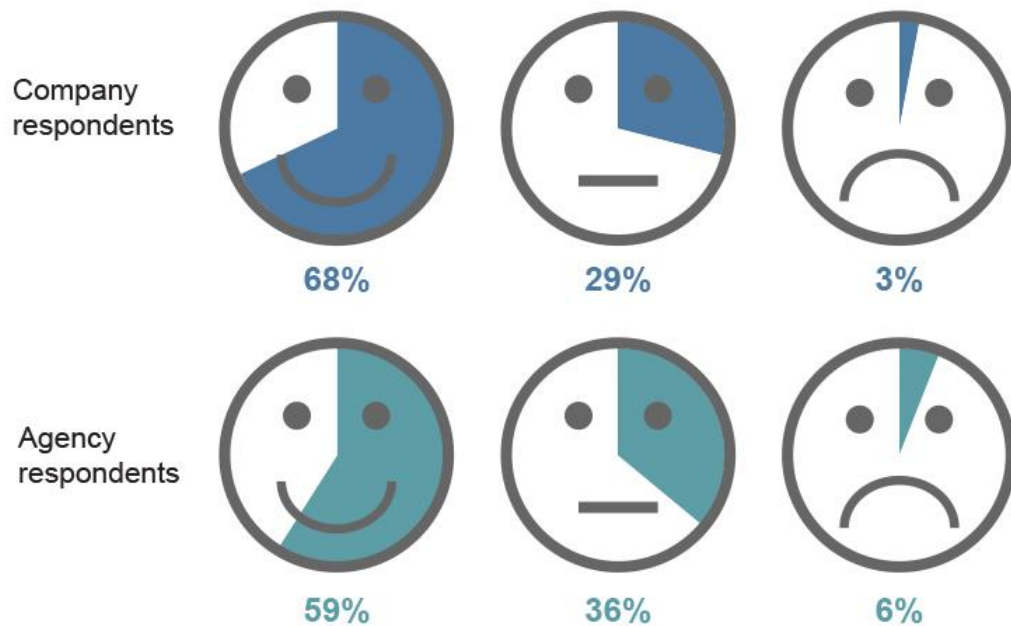
Company respondents

Figure 43: Overall, how do you rate the support you receive from your analytics vendor?



Respondents: 243

Figure 44: Do you perceive the rate of change of digital analytics tools a positive or negative thing?



Company respondents: 243
Agency respondents: 256

What is your biggest pain point when dealing with your analytics vendor?

“All pain points stem from not having regular, on-site time to go through issues. Everything is ad-hoc. I just wish I could secure retainer relationship: would make my life a LOT easier.”

“Budgets – every question we have about the data costs money despite us having a contract.”

“Making sense of the data.”

“We attend their meetings and we pay a significant figure for the tools we use (of which we do use many), but when we provide feedback about the pain points of the tools, bugs, etc. these are more often than not overlooked because they want to focus on the new shiny thing they’re trying to sell. As a consequence of this we are likely to move away from using them in the coming year or two.”

“Slow turnaround for feature requests and bugs.”

“Trustworthiness of data.”

“Responsiveness to problems.”

“They often roll out updates without enough prior warning.”

“We are part of a bigger international organisation and have an international deal with the vendor. This makes it difficult to get individual requests processed.”

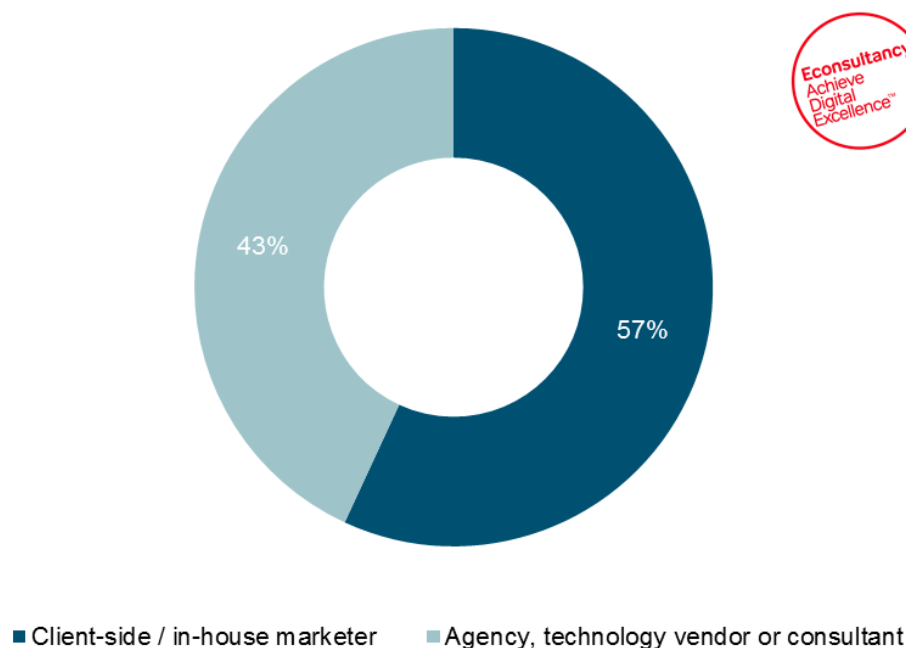
“Support staff are poorly informed and don’t listen to our needs.”

“Integration and value for money when looking at issues regarding updates to technology.”

Company respondents

12. Appendix: Respondent Profiles

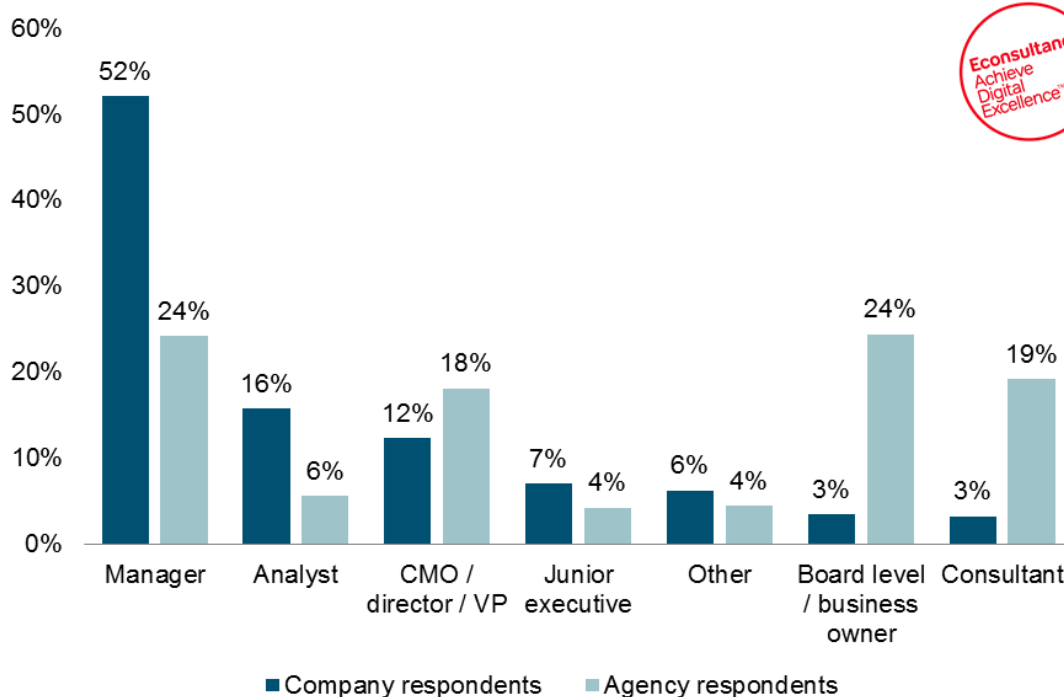
Figure 45: Which of the following most accurately describes your job role or type of organisation?



Respondents: 877

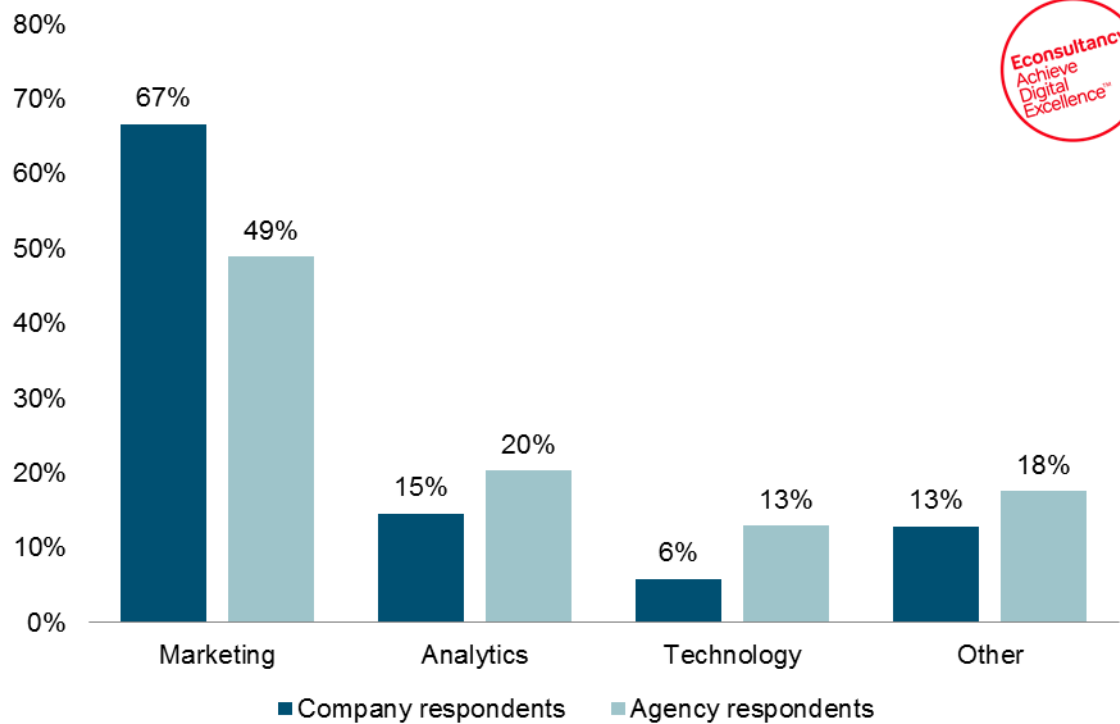
12.1. Job roles

Figure 46: What best describes your job role?



Company respondents: 470
Agency respondents: 360

Figure 47: What best describes the department you work in?



Company respondents: 474
Agency respondents: 363

12.2. Business sector

Company respondents

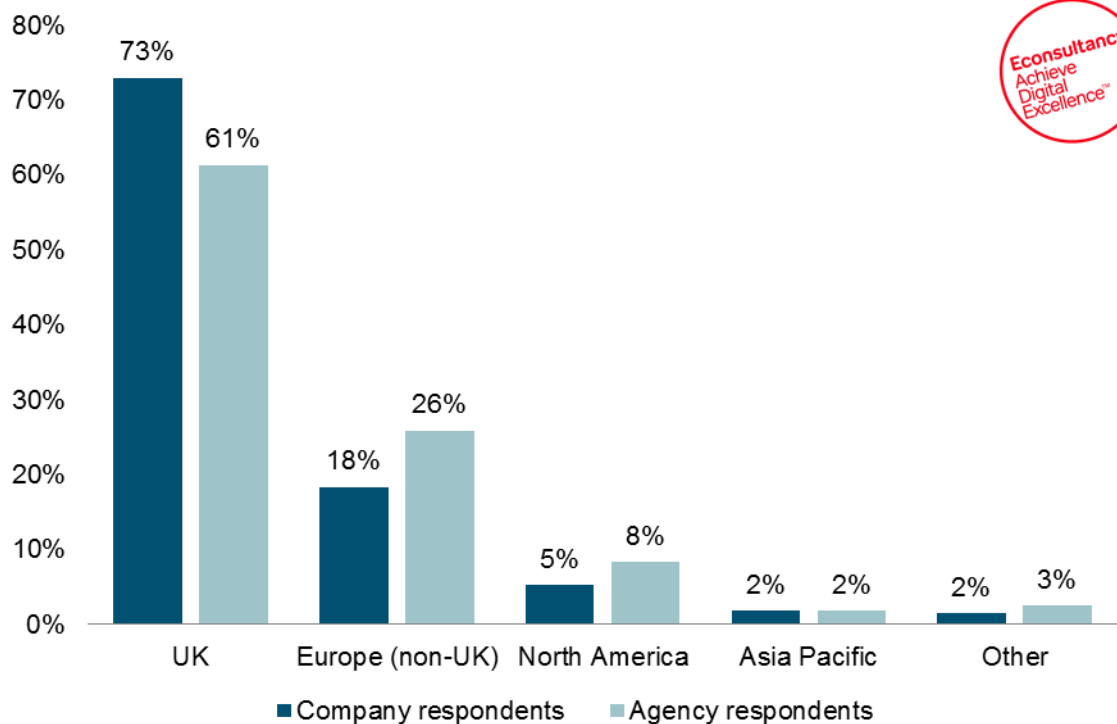
Figure 48: In which business sector is your organisation?



Respondents: 328

12.3. Geography

Figure 49: In which country/region are you (personally) based?

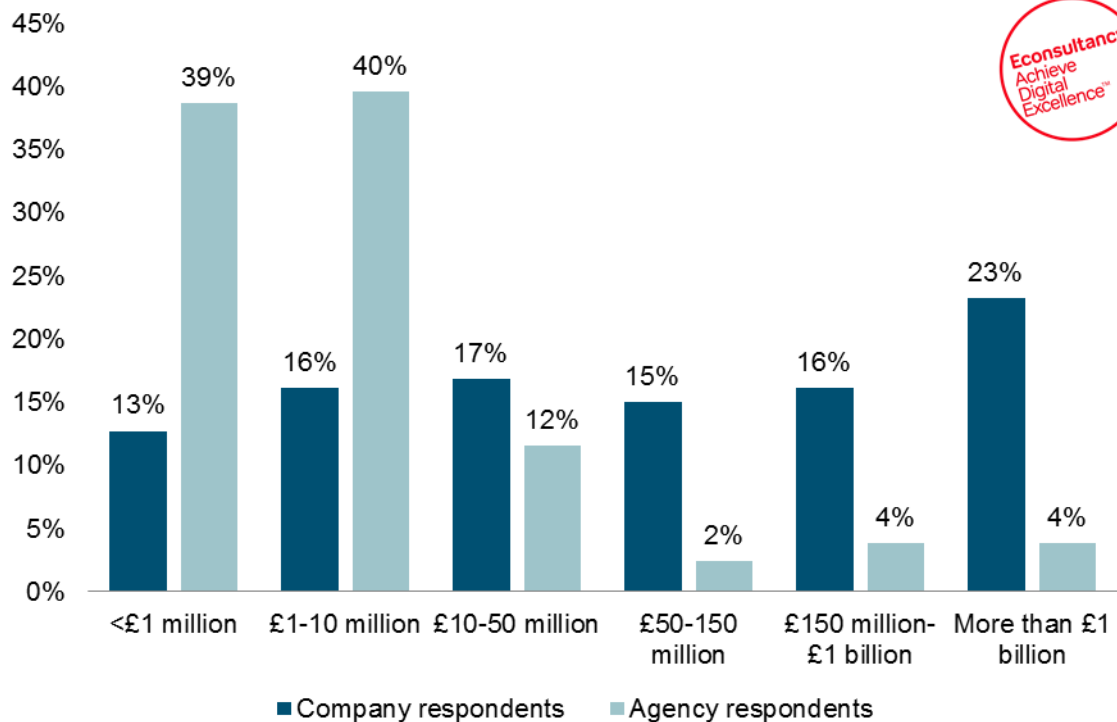


Company respondents: 474
Agency respondents: 363



12.4. Turnover

Figure 50: What is your annual company turnover?



Company respondents: 320
Agency respondents: 233