

# **42<sup>TM</sup>** Rules for Applying Google Analytics

A Practical Guide for Understanding Web  
Traffic, Visitors, and Analytics So You Can  
Improve the Performance of Your Website

**ROB SANDERS**

FOREWORD BY: MICHAEL B. LEHMANN



**“42 Rules for  
Applying Google  
Analytics”  
Book Excerpt**

**By Rob Sanders**  
Foreword by Michael B. Lehmann



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## Foreword by Michael B. Lehmann

Let me introduce you to Rob Sanders' *42 Rules for Applying Google Analytics* by telling you why I read it.

I've taught economics for over 40 years at the University of San Francisco and I am the author of the best-selling *Irwin Guide to Using the Wall Street Journal*. The news media frequently seek my views on the business and investment climate. I also developed a successful seminar for corporate training. But when I decided to branch out into online education and develop my seminar *Be Your Own Economist*® for Web distribution, I knew I needed help.

That's why I turned to Rob Sanders. Rob brings a wealth of knowledge and experience to the world of online marketing. He currently works with a diverse group of companies by providing creative and technical solutions for online growth, including overseeing their search-engine marketing, social networking, blogs, and video. Rob will help me market my course using Google Analytics and his wealth of online-marketing knowledge. Now you, too, can gain access to the world of online marketing by reading Rob's *42 Rules for Applying Google Analytics*.

Business is moving to the web, and any up-to-date business venture must have a web presence. But how can you make best use of the web to market your product, yourself, or your ideas? You just don't have the training and experience. That's where *42 Rules for Applying Google Analytics* comes in. It will share with you a visitor's experience when browsing through your site. You can begin to understand your site from a visitor's perspective.



How does a visitor react to the information and graphics you provide? To understand this you must leave the world of the amateur and enter the domain of the professional. *42 Rules for Applying Google Analytics* will show you how marketing professionals measure, collect, and analyze data from your site's performance. What sells and what doesn't sell? Once you have learned how to evaluate your results, you can begin to tailor your site to your customers' needs and preferences. That will mean more visits to your site, more sales, and better all around success. Your competitors are doing it, so should you.

Guesswork and flying by the seat of your pants no longer works in the modern world of web and mobile marketing. Metrics are key. Marketing requires measurement, not guesswork. Let this book be your gateway to tracking website behavior and website performance. Whether you are an advertiser, publisher, or business owner, this book will help you write better ads, strengthen your marketing initiatives, and create higher-conversion web pages.

I am confident you will enjoy and benefit from *42 Rules for Applying Google Analytics* as much as I did.

**Michael B. Lehmann**  
**Emeritus Professor of Economics**  
**University of San Francisco**

## Intro

The objective of this book can be akin to my mission statement about Google Analytics. First, it is to educate "beginners" or those new to Google Analytics on how to best use the tool and its features. My other personal objective would be to have people use this book as a reference guide. Unfortunately, most of the books published on web analytics are big, thick, clunky, and really intimidating, especially for those recently introduced to Google Analytics. Do these books contain a lot of good, insightful information? Absolutely. Are they manageable in terms of reading and using the material being introduced? That's my point of contention.

I would also go as far as saying this book is a necessity for those novices given that it contains a lot of the same information in summarized form that is easily digestible. As a professional online marketer, I am always showing my clients things about Google Analytics that they would not otherwise have known. Over the past few years, this permeated into blog posts, webinars, speaking engagements, lectures, and then, a book deal.

## 7

## Identify Key Metrics

***Managers and investors alike must understand that accounting numbers are the beginning, not the end, of business valuation.***

**- Warren Buffett,  
American Investor and  
CEO of Berkshire Hathaway**

Within the language of analytics, there are several essential acronyms you need to understand in order to analyze the data in Google Analytics. Among the long list of acronyms in Google Analytics there are three that stand out among the rest because they are directly tied to results (mainly e-commerce results). Those three metrics are: conversion rate (CR), cost per action (CPA) and return on investment (ROI).

### Conversion Rates (CR)

In the world of online marketing, a conversion rate is the ratio of visitors who "convert" a visit into a desired action such as email opt-ins, product sales, white paper downloads, and subscription signups. The calculation is simply the number of conversions divided by the number of visits or clicks if you are measuring pay per click performance. For example, if you had 100 visitors to your website on a given day and five of those visitors subscribed to your e-newsletter, then your conversion rate would be five percent.

### Cost per Action (CPA)

A cost per action, also known as cost per order, cost per lead, or cost per conversion, is the advertising cost you pay for one completed action/order/lead/conversion. CPA is calculated by dividing the total advertising cost by total completed actions. For example, if last month you spent \$1,000 on advertising to generate

2,000 visitors and 20 of them subscribed to your newsletter, your cost per action for a newsletter subscription is \$50, or \$1000 divided by 20.

Ideally, you want the lowest cost per action possible. In other words, the less amount of money you pay for a lead or conversion, the better. Of course, you may not mind paying a higher CPA, depending on the number of purchases a visitor made over time and their lifetime value. But in most cases, a low CPA is desired.

### **Return on Investment (ROI)**

Return on investment is the most common profitability ratio for an online business. ROI is simply a comparison of how much you spent versus how much you made. Measuring ROI for online campaigns is a huge advantage over offline advertising, such as newspapers, magazines, radio or television, where this level of ROI is difficult to measure.

To calculate ROI, subtract the ad cost from the revenue generated. For example, if you spent \$500 on an advertising campaign and sold \$1,500 worth of product as a result, then the ad profit is \$1,000. Then divide the ad profit by the ad cost. In this case, your ad profit is \$1,000 and your ad cost is \$500, so your ROI would be 100 percent.

CR, CPA, and ROI have a purpose and cannot be understated. They help you pinpoint the success of each marketing initiative and how much of your budget is allocated to each. What's great is that Google Analytics automatically measures the goal conversion rate and return on investment for you so you don't have to worry about the calculations.

## 12

## Practice Kaizen

***Excellent firms don't believe in excellence—only in constant improvement and constant change.***

**- Thomas J. Peters,  
Management Guru and  
Author of *In Search of Excellence: Lessons from America's Best-Run Companies* (1982)**

Web analytics, according to the infinite number of sources on the World Wide Web, is believed to do everything you want and more. So, you invest in Google Analytics and wait for it to work its magic. You wait and wait. However, you must realize that enabling Google Analytics is just the beginning. You can't stop at the installation and leave it at that.

Truth is, Google Analytics is a never-ending practice. You can be flying high in April and then be shot down in May. That's the nature of the website traffic. In order to cope with the inconsistencies and the highs and lows that go with it, practice what the Japanese call "kaizen," or continuous improvement.

To continually improve the performance of your website, use the following criteria to practice kaizen.

- **Data consistency and quality:** always make sure the data is accurate and consistent. Your goal is to compare apples with apples, not apples with oranges. The best way to compare data is using ratios. An example would be the conversion rate or click through rate of one marketing campaign against the conversion rate of another marketing campaign. Another example would be comparing the cost per action of two marketing initiatives.
- **Flexibility:** you have to deal with the reporting needs of various stakeholders, from global management to local/national marketers in a dynamic context where various content and technologies

coexist. Google Analytics can assist by allowing you to set up various reports for each stakeholder based on their needs (see Rule 39, "Share Your Data").

- **Organization and integration:** web analytics is a process you need to integrate into your organization AND your technical infrastructure. You need to define roles and responsibilities. You need to have methodologies. You need resources. Google Analytics can help by allowing you to grant "user" access or "administrative" access to others who may have an interest or can contribute to the success of your website.
- **Education and communication:** learn how to use the data, how to interpret it, and how to make it actionable. Not all websites are alike. You need to stick to it and give it time. Let everyone in the loop know the value of using Google Analytics and how kaizen practices are the way to go. Spread insights, knowledge, and data across departments, hierarchies, and the whole company. Otherwise, all those state-of-art detailed reports that Google Analytics generates will only end up in the shredder, destroying any possible incremental value to your business.

Continuous improvement. Continuous updates. Kaizen. It's what will make Google Analytics work for you. What use are those reports and data when no one has a clue about what to do with them?

Continuous improvement is not rocket science. With Google Analytics, and of course, patience, perseverance and kaizen, you will stop saying, "50 percent of our Marketing worked, we just aren't sure which 50 percent it was."

## 18

## Decide on Your Goal Type

***We create goals (in Analytics) because they have to be achieved. It does not matter how long they take because they serve us. The higher we set them, the higher we will go.***  
- Marina Quilez, Google Analytics Professional

Enabling a goal in order to track a conversion (see Rule 8, "Identify Conversions") is one of the best ways to assess how well your site meets its business objectives. The hardest task for most website owners always seems to be identifying what goal type to use. A goal can be any activity on your website that's important to the success of your business or that drives a certain type of behavior that is important to your business. An account signup or requests for a sales call are two examples of a goal. Goals are useful if you would like to understand how much time visitors stay or, more importantly, do not stay on a specific section of your website.

Every website should have at least one goal, especially now since Google Analytics allows for up to 20.<sup>1</sup> The following are different goal types available to choose from. Remember, select goals that help you achieve your defined business objectives.

#### Time-Based Goals

Time-based goals can be set if you would like to measure a specific amount of time a visitor has spent on your website. You are simply telling Google Analytics the hours, minutes, and seconds that you would like a visitor to spend on your site before a goal is counted. You can even track a time-based goal if a visitor does not reach

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1. "How do I set up goals and funnels?" Analytics Help, accessed [May 31, 2010], <http://bit.ly/aBiWqu> [www.google.com/support/analytics/bin/answer.py?answer=55515](http://www.google.com/support/analytics/bin/answer.py?answer=55515).

a certain period of time on your website. For example, you would use this goal if you added a video to your website and want to measure how long visitors stay as a result of adding the video.

### **Pageview Based Goals**

This is similar to time-based goals except you are tracking goals when a visitor exceeds (or doesn't exceed) a certain number of pages. The same conditions apply as time-based goals, meaning you are telling Google Analytics the number of pageviews you would like to set up as a goal for each visitor. You could use this goal if you have a number of pages on your website (such as an e-commerce website) and want to establish a goal for the number of pageviews visitors reach with each visit.

### **URL Destination Goals**

Identifying a specific URL destination has always been the traditional method of tracking goals in Google Analytics. To define a goal in Google Analytics, you specify the page that visitors see once they have completed the activity. For example, if you have a shopping cart on your website, then you would set the "Thank You" or confirmation page as the URL destination goal.

You can also assign a value to a goal in order to evaluate how often visitors become customers after reaching a goal on your website. For example, if you close 10 percent of the people who request to be contacted, and your average transaction is \$500, you might assign \$50 (i.e. 10 percent of \$500) to your "Contact Me" goal. Or, if only five percent of mailing list signups result in a sale, you might only assign \$25 to your "email signup" goal.

Setting goals is not a difficult process but it needs to be a thoughtful process. Keep the points below in mind and you will be on your way to successful tracking.

- Consider organizing goals by function (i.e. by time, download, etc.)
- A visitor can only convert each goal once per visit
- Consider consolidating all your goals into one profile
- Creating new goals will not modify your historical data, only future data



## 31

## Profile Your Data

***In any moment of decision the best thing you can do is the right thing, the next best thing is the wrong thing, and the worst thing you can do is nothing.***  
- Theodore Roosevelt,  
26<sup>th</sup> President of the U.S.

Google has made profiling one of the best kept secrets within Analytics. Google Analytics allows you to create multiple profiles under one account. When you first set up your Google Analytics account, you are, in effect, creating a profile under that account.

The following are some of the reasons and benefits for setting up multiple profiles under once account. You are able to:

- Control the flow of information about your website
- Separate out information about specific web properties, like your blog
- Track multiple independent web properties (i.e. <http://www.domain1.com> and <http://www.domain2.com>)
- Determine which data from your site appears in the reports
- Apply different rules and criteria for advanced analysis
- Restrict access for certain individuals
- Segment your visitors
- Set up reporting access for a variety of users
- Create custom reporting
- Track various, specific outcomes with goals
- Obtain information on internal search habits
- Establish a back-up for your main profile

Adding a profile is the easy part. The more challenging task is configuring your profile so that it is pulling in the appropriate data. There are a variety of options to make your account run more efficiently, so make sure you do the following:

- Specify the Default Page option
- Apply AdWords cost data
- Consider adding the Site Search option
- Set up at least one goal
- Filter your results to set up different properties that will affect your reports
- Add other users whom you want to have access to this profile only

Here are a few other important notes to keep in mind:

- The first profile for a property should be the "master" profile. A master profile should have no filters so that it contains ALL historical data since tracking began. Once this is set up, leave this profile alone!
- Once a profile is deleted, the profile data cannot be recovered (make a back-up of the master profile by clicking on "Add new profile" and selecting "Add a profile from an existing domain").
- Tracking for a profile begins as soon as the tracking code is installed on the website and a visitor's browser loads a page.
- When you add an additional profile from an existing website with its own profile, then the additional profile will **not** contain the historical data that you see in the first profile.

Setting up profiles rewards your effort with great customer insight. You can then leverage that insight to your advantage by developing better content or redesigning your page flow. The end result will help you market your product/service to your prospect-turned-customer.

So, in the end, for all the negativity that profiling in the "real world" receives, this is one area of your life where profiling actually does some good.

## 38

**Use the Data to Take Action**

***It's not knowing what to do, it's doing what you know.***  
**- Tony Robbins, American Self-Help Author and Success Coach**

Let's face it: every website is faced with a problem (or two). It may be related to an internal process or a customer, or both. As discussed throughout this book, Google Analytics provides you with the intelligence to understand and address the problem. Yet the data can be overwhelming, to say the least. This is especially true if you are a small business owner or new to the business of tracking website visitor behavior.

One look at Google Analytics data and you can come away feeling lost or anxious to get answers. Ah, but therein lies the key: intelligently interpreting, disseminating, and utilizing the data to arrive at conclusions and decisions. Otherwise, the information becomes useless. Here are some suggestions on how to properly use your data.

**Invest in the Analysis, Not the Technology**

Surround yourself with people, colleagues, friends, and the like who have analytical minds that will be able to interpret, disseminate, and manage the mounds of data. Google Analytics is sufficient for the needs of most businesses so there's no need to fret over the technology. However, you should try to avoid using two analytics programs. Experience has taught me that you get more questions than answers when dealing with multiple sets of data. Not everyone may agree but let's not forget that the primary goal and a better use of your time should be on the analysis and drawing conclusions, not on the technology.

### **Establish Goals**

Ask yourself, "What is the desired result?" or "What am I trying to accomplish?" for a particular web page. Whether it's increasing traffic or converting customers, having clear, established goals and objectives will prevent you from performing unnecessary analysis. It will also keep your website on the right track to achieving its goals. Google Analytics allows you create up to 20 conversion goals per profile. So, there is no excuse for adding such simple goals, such as length of time on site and number of pages per visit.

### **Test and Tweak, Then Test Some More**

Once you establish goals (see Rule 18, "Decide on your Goal Type") it is time to put the data to the test. Literally. Because what do bounce rates really mean if the data is not coupled with the testing of a message, design, layout, or call to action? The results will show how users react to changes. So, if your goal is to decrease the bounce rate, then did the test show the visitor staying on the website longer, or leaving quicker? You want to keep tweaking and testing until you reach the desired result. Without testing, how can you really make a sound, logical decision pertaining to your website? There are no excuses for not testing. Google has a free tool called "Website Optimizer" (<http://www.google.com/websiteoptimizer>) to achieve the desired test data you seek.

### **Patience Is a Virtue**

It is generally not a good idea to make changes on the basis of a few days worth of data. Before you delete or pause a keyword or ad (either temporarily or permanently), ask yourself if you have "statistical significance" or statistically enough data to make a sound decision. A longer date range translates into statistical significance, which then translates into easier decisions. Shorter time frames offer misleading data, which lead to miscalculated decisions. Take into account returning customers or those who return to your website a second time at a later date to make a purchase. You may miss out on important conversion data if you react too quickly due to a small date range of data. Also, depending on your goal, it may take days or even months for many of your visitors to convert to customers. So, be patient and set a date range that will last as long as your expected sales cycle or that will return statistically significant data.

## About the Author



As founder of RSO Consulting, Rob Sanders brings a wealth of knowledge and experience to the world of online marketing. He and his team provide creative and technical solutions across many verticals, including healthcare, e-commerce, technology, law, and finance. RSO Consulting's core competencies include search engine marketing (pay per click management and search engine optimization), social media optimization, and web analytics consulting.

Prior to moving to San Francisco, Rob was an Interactive Project Manager chosen to lead multi-million dollar online initiatives for Ford Motor Company in Detroit, Michigan. Rob started his online career as a Web Producer for USA Today Online in 1994 before moving to Philadelphia to help launch an online media service at The Sports Network.

Rob was honorably discharged from the U.S. military after serving four years abroad. He volunteers for a number of non-profit organizations and splits his time between his homes in San Francisco and Murica, Spain, with his wife, Kathy, and two dogs, Pepe and Paco.

**Getting “42 Rules for Applying Google Analytics”**  
(<http://happyabout.info/42rules/applying-google-analytics.php>)

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"Rob Sanders has helped me to analyze and manage successful campaigns for clients from Fortune 500 companies to non-profits. In this book, he gives step by step, no-nonsense advice so you can do the same for your business, using Google Analytics. Read it and learn!"

**Cathy Clifton, Brix Direct, E-Commerce Consulting**

"Rob does an outstanding job of outlining the rules and methodology used by Google Analytics and presents a plausible plan for maximizing the marketing potential of this important tool."

**Robert Wucher, Principle, Wucher & Associates**

"*42 Rules for Applying Google Analytics* is a great resource for anyone interested in learning how to use, or make better use of, Google Analytics."

**Seth Rosenberg, Senior Vice President, Sales & Marketing, Equity LifeStyle Properties**

#### **ROB SANDERS**

Rob Sanders brings a wealth of knowledge and experience to the world of online marketing. He currently works with a diverse group of companies providing creative and technical solutions for online growth including overseeing their search engine marketing, social networking, blogs & video.



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