Customer Analytics

HOW ANALYZING REAL PEOPLE WILL IMPROVE YOUR BUSINESS

KISSmetrics

KISSMETRICS.COM

Focus on people.

So you just pulled the report on your monthly revenue. And... it's up by 50%! And since you launched that new marketing campaign last month, it must have worked!

Let's grab the whole marketing team for a round of congratulations!

But what if that marketing campaign wasn't responsible for the increase in revenue? Maybe it was the updated version that the product guys launched. Customer service also rolled out new policies. Do they get any credit?

Here's the thing: we love taking credit when results are positive but AVOID credit when results are negative. So when business is good, every department claims it was their work that made the difference. Then when business is not so good, it's always the other guys' fault.

So, how do we minimize the noise in our data and find the real signals for improving our business?

We focus on people.

Start with Segmenting

When we only look at the aggregate numbers (even for important things like revenue), it's impossible to see what's driving the end-result.

To get around this, we need to break our data down.

The super-official certified analytics word for this is **segmentation**. It's the fancy way to describe breaking our data into chunks so we can compare different groups of data.

Let's say I give you a report for last month with these metrics for your site:

- Revenue = $6,930.07
- Conversion Rate = 3.1%
- New Customers = 43

Honestly, this data is kind of worthless. Why? Well, there are two reasons.
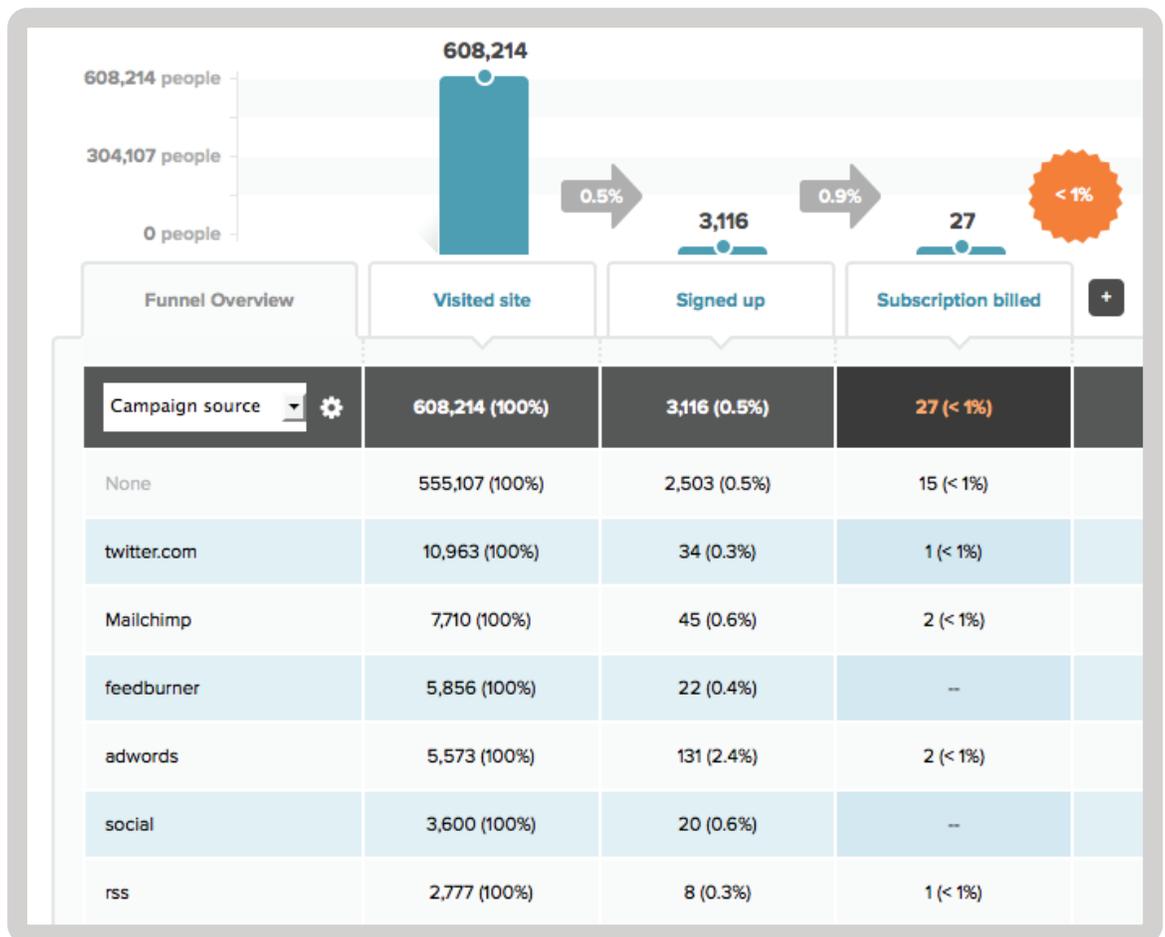
First, we have no context for the data. In other words, is monthly revenue of $6,930.07 good or bad? We have no idea. If the last 6 months averaged $3,000 per month, that's pretty good. But if the average was $23,000, last month was terrible. This one is an

easy fix. Compare your metrics to historical data and you'll get a much better idea of what these numbers mean.

Second, these numbers are just averages. That means they're **hiding all sorts of trends about your customers**. What if 4 customers produce $5,000 worth of the revenue? Or if one of your marketing campaigns had a 20% conversion rate? If we only look at averages, we'll never know what's really going on.

Let's look at an example of how this works in action.

Here's a typical SaaS funnel that's segmented by campaign source:

	Visited site	Signed up	Subscription billed	
Campaign source	608,214 (100%)	3,116 (0.5%)	27 (< 1%)	
None	555,107 (100%)	2,503 (0.5%)	15 (< 1%)	
twitter.com	10,963 (100%)	34 (0.3%)	1 (< 1%)	
Mailchimp	7,710 (100%)	45 (0.6%)	2 (< 1%)	
feedburner	5,856 (100%)	22 (0.4%)	--	
adwords	5,573 (100%)	131 (2.4%)	2 (< 1%)	
social	3,600 (100%)	20 (0.6%)	--	
rss	2,777 (100%)	8 (0.3%)	1 (< 1%)	

We're tracking the number of people who come to our site, sign up for the product, and convert to paying for the product. The funnel shows us how many people move through each step.

Now, the funnel is also segmented by campaign source. This breaks the funnel down into different marketing campaigns so that we can compare them to each other.

So what does this report tell us?

We have the average conversion rate which is less than 1%. Then if we look at our campaigns, we see many of them are right around the same point.

We see that a big bottleneck in our funnel is the Visited Site > Signed Up conversion, with only .5% of visitors converting. Our Signed Up is a free trial, so we still need to convert those people into customers. In this funnel, we know someone has converted if they have been charged. Of those people who signed up, .9% converted to paying customers.

The one campaign that stands out is AdWords. We get about 2.5% of people from this campaign to convert into signups. Only 2 people converted into paying customers so we'll want to keep an eye on it to make sure that it actually becomes profitable. But it looks like a nice source of signups.

Whenever you see an aggregate number, alarm bells should start ringing. You should say to yourself: "I see this data here but what is it hiding? How can I break down this data so I can see what's really going on?"
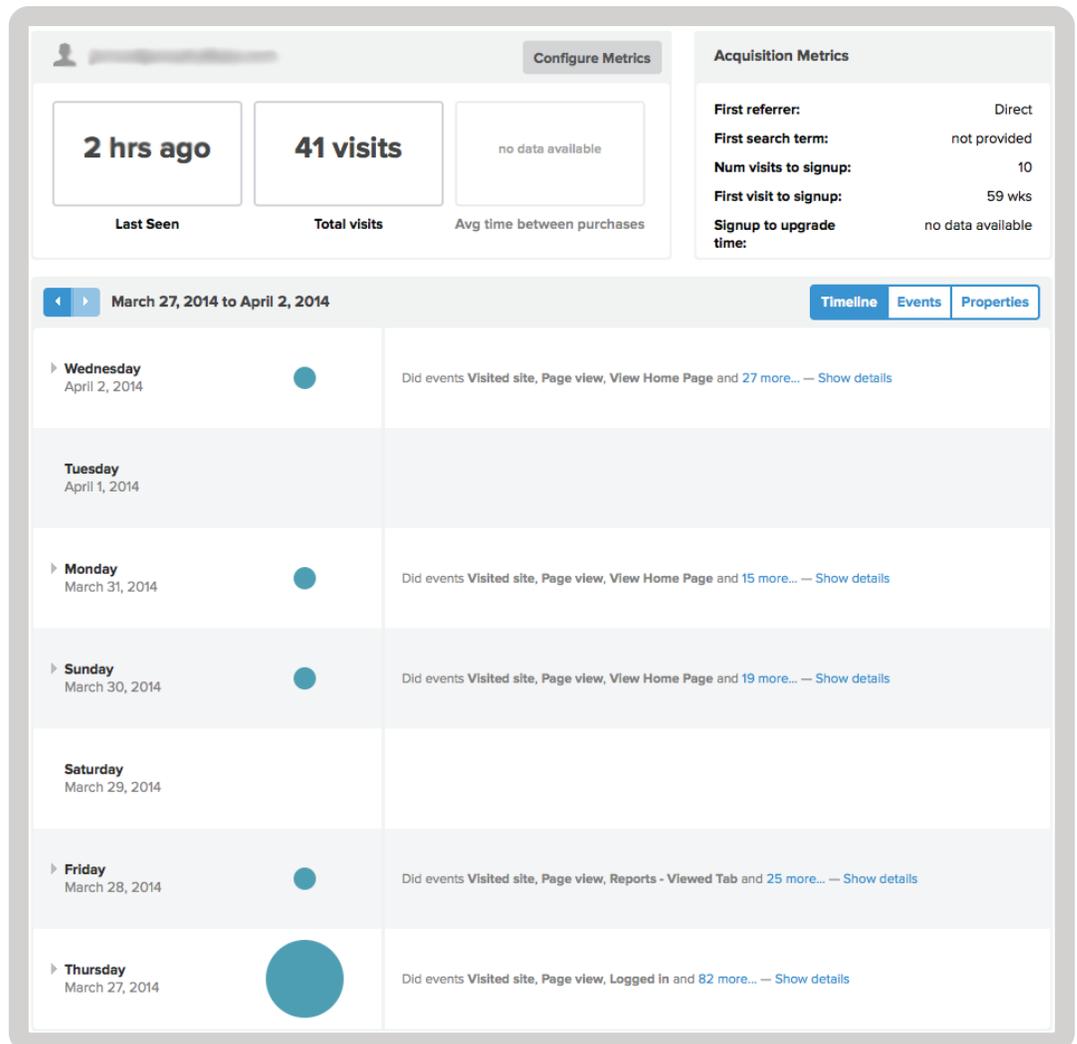
We can take this concept even further. In addition to breaking up our data into segments, we should also break it into individual people.

Looking at Specific People

We know how powerful segmentation is. And looking at specific people gives us even better data.

Here's a customer:

At the top, we have the person's email (which is blurred out) and some basic information such as how many times they've visited our site until signing up, their total visits, and the first referrer that brought them to your business.

And below that, we have the Timeline which shows EVERY action on our site. Many of them are hidden to simplify things a bit. Every time an action is completed by this customer, a dot gets added to the Timeline on the day it was completed. The bigger the dot, the more actions that user took that day.

This tells us how an individual person is actually using the product. It's perfect to track different features, sections of our site, products, or anything else you can think of.

What does this Timeline tell us?

Well, it looks like they came to us directly for the first visit.

It took them 59 weeks from their first visit to signup, and 10 separate visits before they signed up. For the week selected (March 27 - April 2) we see that they used the product quite frequently, most heavily on Thursday.

By looking at specific people we can understand the engagement for each person. We can also look for trends among customers. For example: does engagement tend to drop off a few weeks after signing up? We can see this with our People Report and contact those customers to understand how the product can be more helpful.

When data on individual people is at your fingertips, you'll discover all sorts of amazing insights on how your customers behave and what you can do to build a better business.

Where to Find Data Like This

Web analytics products (like Google Analytics) don't provide data like this. They focus on traffic-related data from your web-site. But there is a product that provides every piece of data we've talked about.

We built KISSmetrics from the ground up to give you data on your actual customers (not pageviews). All the reports I've al-ready showed came right from a real KISSmetrics account.

Funnel Reports

As we already covered, funnel reports are awesome.

But what if the analytics product you're already using gives you funnels? What's the big deal about these?

First, most funnels only give you aggregate data on how people move through the funnel. But we know aggregate data hides really important insights about your business. **The KISSmetrics funnels let you segment your data however you want.** And there's no complicated setup either, simply point and click to break your data down.

Second, the KISSmetrics funnel is the only one that tracks individual people. This means you can build funnels that track the real steps of your business funnel instead of you having to design your business around what's trackable. Putting add to cart buttons, Twitter shares, or the use of a specific feature into a funnel is very easy to do. And it doesn't matter if people do all sorts of other tasks between those steps.

Google Analytics will only build funnels with consecutive pageviews which means it's impossible to get a funnel with steps like these:

Once you're collecting data with KISSmetrics, you can build a funnel like this in under 5 minutes.

Cohort Reports

Here's a report we haven't already talked about, the elusive Cohort Report. So what is a cohort anyway?

A cohort is a specific group of customers. The most common way to break up your customers into different cohorts is by date. In other words, the customers you acquire this month are in a different cohort than the customers you acquired last

month.

When you break up your customers into cohorts and analyze behavior, you can quickly see how behavior changes over time.

Let's say you want to track engagement over time. One thing you can do with our cohort report is view people who sign up and track their login over time. The image below groups people who have signed up by week and then logged in over a period of 12 weeks. Using this metric we can see how engagement changes over time. We also can view people in the cohort to get a better understanding of who specifically may be dropping off in engagement.

Signed up between **March 31, 2013 - June 1, 2013**

Signed up		Logged in by Weeks												
Time	People	1	2	3	4	5	6	7	8	9	10	11	12	> 12
Week of Mar 31, 2013	440	98.4%	19.3%	10.7%	8.4%	5.5%	5%	5.2%	3.4%	4.5%	5%	5%	3.9%	11.4%
Week of Apr 7, 2013	410	99%	16.1%	11.5%	7.3%	4.9%	5.1%	4.4%	4.9%	5.4%	4.1%	3.9%	3.7%	9.3%
Week of Apr 14, 2013	493	98.6%	15%	9.1%	5.9%	5.3%	4.1%	4.1%	3.7%	3.9%	3.7%	2.6%	2.4%	9.7%
Week of Apr 21, 2013	441	98.6%	16.1%	9.8%	6.8%	3.9%	4.5%	4.3%	4.5%	3.4%	3.2%	3.2%	3.2%	10.2%
Week of Apr 28, 2013	352	98.9%	13.9%	10.5%	6.8%	5.1%	4.3%	2.3%	2%	2.3%	2.8%	2.6%	2.6%	6.8%
Week of May 5, 2013	418	98.8%	15.3%	9.8%	6%	4.3%	3.6%	3.1%	3.1%	2.2%	2.4%	2.4%	1.9%	8.6%
Week of May 12, 2013	371	97.8%	13.2%	11.6%	6.7%	5.7%	4.3%	4.3%	3.8%	5.1%	4.6%	4.3%	2.4%	8.9%
Week of May 19, 2013	376	99.5%	13.6%	6.9%	4.5%	3.7%	3.2%	3.5%	3.7%	2.1%	3.2%	0.8%	1.1%	7.7%
Week of May 26, 2013	341	99.1%	14.1%	12%	5.3%	3.5%	1.5%	1.2%	1.5%	2.3%	1.2%	1.8%	2.1%	7.9%

⊘ Export Data

Display: Percentage of people ⇕   Showing: 15 ⇕   1 - 9 of 9   ◄ ►

People Reports

We've already covered the people reports and how useful they are, but go ahead and have a look at this:

| | | | | Timeline | Events | Properties |

Event ⌄	# of times ⌄	First time ⌄	Last time ⌄	Avg time between events ⌄
Ad campaign hit	6	Jan 16, 2013	Aug 21, 2013	43 days
Clicked copy to clipboard button	1	Mar 7, 2014	Mar 7, 2014	
Cohort report - viewed	1	Mar 17, 2014	Mar 17, 2014	
Created event using event library	16	Mar 7, 2014	Mar 27, 2014	32 hrs
Created product	2	Mar 7, 2014	Mar 7, 2014	10 mins
Created report	5	Mar 7, 2014	Mar 27, 2014	5 days
Edited event using event library	1	Mar 26, 2014	Mar 26, 2014	
Funnel report - viewed	51	Mar 7, 2014	Apr 2, 2014	12 hrs
Live - viewed tab	11	Mar 7, 2014	Mar 26, 2014	46 hrs
Logged in	23	Mar 7, 2014	Apr 2, 2014	28 hrs
Metrics - created	3	Mar 7, 2014	Mar 7, 2014	61 mins
Metrics - viewed details	3	Mar 7, 2014	Mar 7, 2014	61 mins
Metrics - Viewed Tab	45	Mar 7, 2014	Apr 2, 2014	14 hrs

This is a list of every bit of data you'll have on your actual customers. Every search engine visit, every action, and every way they've connected with your business.

You'll also have a complete list of the search terms they've used to find you, every referring source of traffic, each split test they've been a part of, and any other piece of data you'd like to set up. All of it.

✔ What could you do with this data? Think of how many questions you could quickly answer that will help you take your business to the next level.
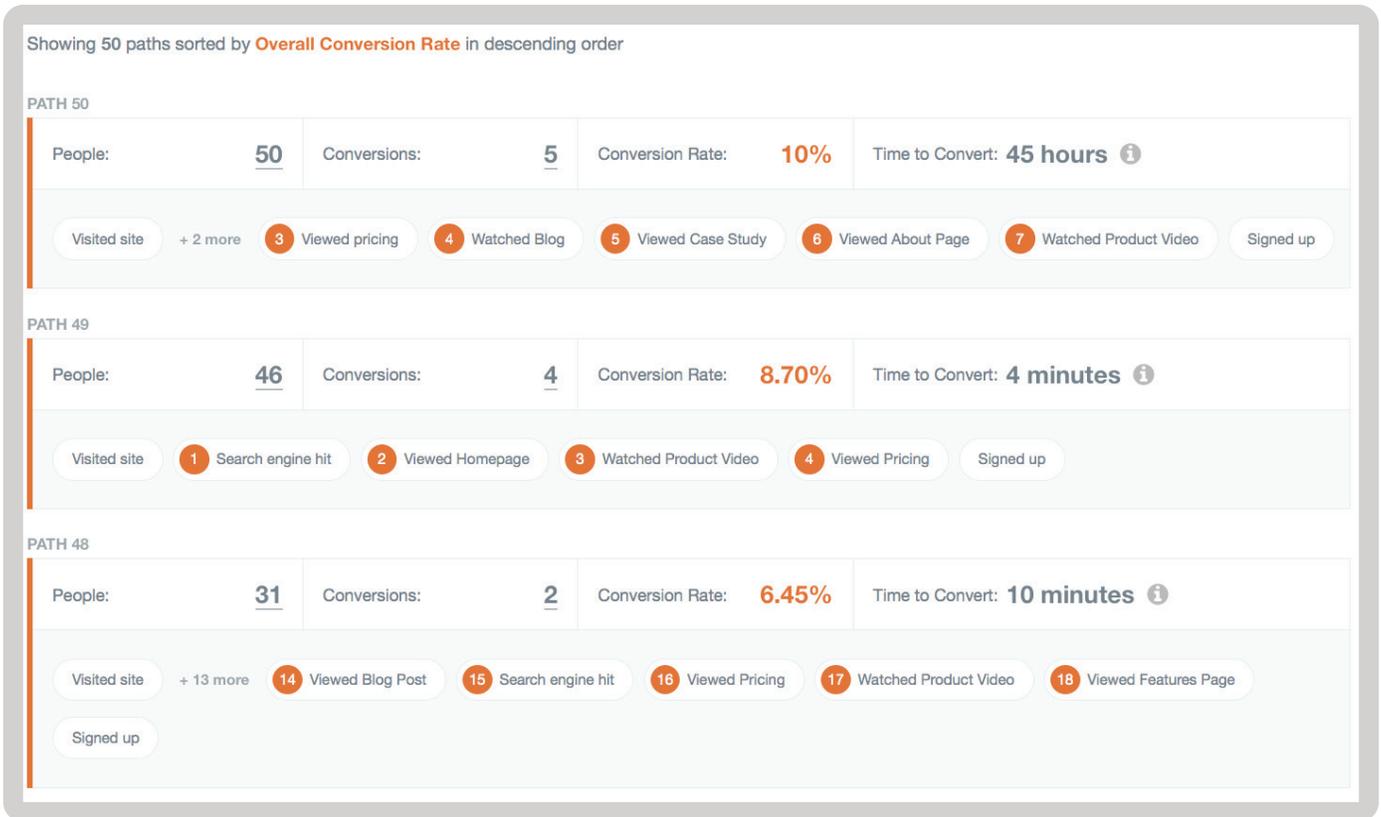
Path Reports

Throughout your website, you have various "conversion events" that you want visitors to reach. These are things like signing up, purchasing, using a feature, subscribing to your newsletter, etc. The more people you can funnel into these events, the better.

Let's say you want to increase signup rates. There could be dozens of pages people visit before they actually sign up. Some people may view your pricing, others may watch a product video, and another group may view some of your case studies. In addition to the variety of pages people might explore, some people may sign up the first time they visit, while others may take 6 months before they pull the trigger. And there are dozens of possible channels they come from.

With all these variables, how can you funnel more people into the paths that lead to the highest conversion rates? It starts with knowing those paths. Enter the KISSmetrics Path Report. Just tell the Path Report the conversion event, pick the dates, and view either the last five events that led to conversion or the first five.

Below is an example of a Path Report. We're looking at the last five events people triggered before they signed up. We're categorizing it by our top converting paths, so the path with the highest conversion rate is shown first.

Showing 50 paths sorted by **Overall Conversion Rate** in descending order

PATH 50

| People: | 50 | Conversions: | 5 | Conversion Rate: | **10%** | Time to Convert: | **45 hours** ⓘ |

Visited site   + 2 more   **3** Viewed pricing   **4** Watched Blog   **5** Viewed Case Study   **6** Viewed About Page   **7** Watched Product Video   Signed up

PATH 49

| People: | 46 | Conversions: | 4 | Conversion Rate: | **8.70%** | Time to Convert: | **4 minutes** ⓘ |

Visited site   **1** Search engine hit   **2** Viewed Homepage   **3** Watched Product Video   **4** Viewed Pricing   Signed up

PATH 48

| People: | 31 | Conversions: | 2 | Conversion Rate: | **6.45%** | Time to Convert: | **10 minutes** ⓘ |

Visited site   + 13 more   **14** Viewed Blog Post   **15** Search engine hit   **16** Viewed Pricing   **17** Watched Product Video   **18** Viewed Features Page

Signed up

Our top three paths include watching the product video. This appears to be a conversion trigger. If we can get more people to watch the video, the better the odds they'll sign up.

Power Reports

There are some business questions that our above reports cannot answer. For those, we'll turn to the Power Report.

This report allows you to take a deep dive into your data and compare multiple segments across multiple metrics. Let's run through an example.

Let's say we're a SaaS company and we just launched a new feature about a month ago. We'll need the Power Report to help us

understand how much it's being used by customers. This report isn't tough to set up. We just tell the Power Report to show us the number of people who have used the feature and how many times they've used it. We run the report and get our data:
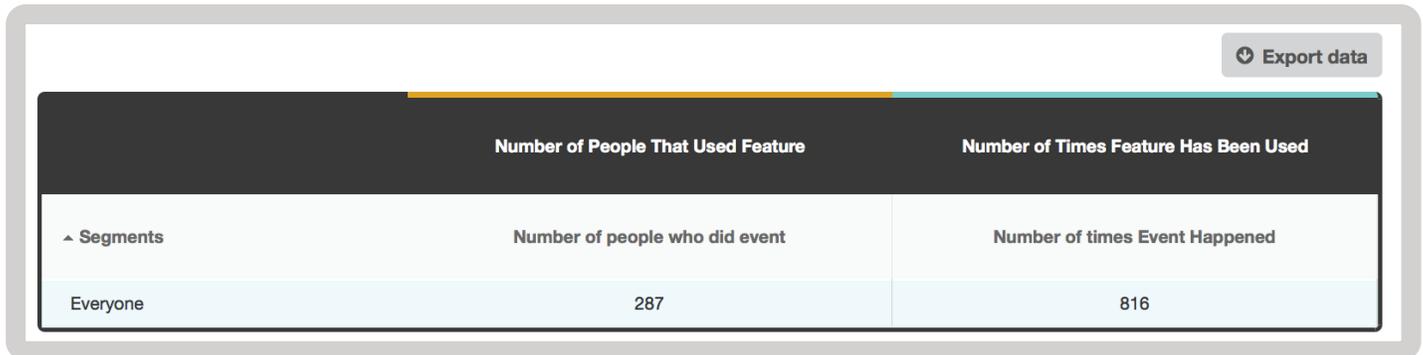
⊕ Export data

	Number of People That Used Feature	Number of Times Feature Has Been Used
▴ Segments	Number of people who did event	Number of times Event Happened
Everyone	287	816

The report tells us 287 people have used the feature, and it has been used 816 times; not bad for one month. This is only a very basic example of the Power Report. We can do much more with it. The Power Report can be used to answer questions such as:

Which features get used most often by different customer types? How do cancellations compare among different traffic sources? What behaviors separate your power users from your normal users? We can work backward and create a report to get our answers.

Want to Get Started?

Try KISSmetrics out for yourself with our free-trial. These reports will tell you exactly how customers interact with your business.

TRY KISSMETRICS FOR FREE TODAY