2018 State of Digital Marketing Analytics in the Top 1000 Internet Retailers

CARDINALPATH

Executive Summary

Predictably, we find that web analytics adoption is at 100% not only across the top 1000 U.S. online retailers as a whole, but across every individual segment of retailers. The adoption[1] of web analytics platforms is truly universal but that didn't stop Adobe Analytics and Google Analytics from expanding their footprint over the past year. Both platforms experienced growth, particularly in the top 50 organizations where adoption increased by 14% and 16% respectively.

A trend that has continued to play out is the number of organizations using more than one platform or tool in each category. In the top 250 online retailers:

51%
use more than one analytics platform

17%
use more than one tag management system

25%
use more than one optimization, testing & personalization tool

35%
use more than one data management platform

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1   *"Adoption" can be defined in different ways, but for this report, we focus on the number of installed tools relative to the number of companies examined. For example, if 50 companies have adopted a tool at a rate of 100%, that doesn't necessarily mean that every single company has adopted the tool. Rather, it means that across the 50 companies, 50 installed tools were detected.*

Key marketing technology adoption metrics:

Analytics platforms:

TOP 250	TOP 500	LOWER 500	TOP 1000
148%	139%	106%	123%

More than one analytics platform:

TOP 250	TOP 500	LOWER 500	TOP 1000
51%	42%	9%	26%

Leaders: Google Analytics/Google Analytics 360, Adobe Analytics

Tag management systems:

TOP 250	TOP 500	LOWER 500	TOP 1000
99%	91%	59%	75%

More than one tag management system:

TOP 250	TOP 500	LOWER 500	TOP 1000
17%	14%	5%	13%

Leaders: Google Tag Manager, Tealium IQ, Adobe Dynamic Tag Management, Signal, Ensighten Manage

Optimization, testing & personalization tools:

TOP 250	TOP 500	LOWER 500	TOP 1000
92%	80%	30%	55%

More than one optimization, testing & personalization tool:

TOP 250	TOP 500	LOWER 500	TOP 1000
25%	20%	4%	12%

Leaders: Optimizely, Adobe Target, Monetate, Certona, Visual Website Optimizer

Data management platforms:

TOP 250	TOP 500	LOWER 500	TOP 1000
127%	106%	46%	76%

More than one data management platform:

TOP 250	TOP 500	LOWER 500	TOP 1000
35%	29%	12%	20%

Leaders: BlueKai, Krux, Adobe Audience Manager, Neustar - Aggregate Knowledge

Introduction

The past year has represented steep changes for data-driven marketing techniques. Marketing platforms shifted to go beyond the mindset of last-click attribution, machine-learning and artificial intelligence went from buzzword to application, and preparedness for Global Data Protection Regulation (GDPR) enforcement in May, 2018, has led to the realization that the consumer is well and truly in charge - not just from an experiential view, but right down to the very data we use to create that experience.

Amidst the still-growing advertising and marketing technology landscape, there's a trend towards integration, and emerging platforms such as data management platforms (DMPs), customer data platforms (CDPs) and integration-Platform-as-a-Service (iPaas), help to inch us a little closer to the "single view of the customer" promise.

In addition to the many acquisitions and consolidations that have taken place, the two dominant analytics platforms have been expanding and updating their solutions as well. Google Analytics had a big year with the rollout of its Google 360 Suite platform, introducing several new products and features, including Data Studio as well as both free and paid testing and attribution tools with Optimize and Attribution, and its partnership with Salesforce, that brings CRM data into the fold for greater insights and activation potential. Adobe Analytics continued to strengthen its integration into the Adobe Experience Cloud, with improvements to tools like Analysis Workspace, integrations from Audience Manager into Adobe Analytics and the rollout of Adobe Launch, their new tag management system. At the center of it all, digital analytics is still very much central to the way we, as marketers, are making business decisions.

This third annual installment of the *State of Digital Marketing Analytics in the Top 1000 Internet Retailers* once again explores trends in the adoption of key technologies, providing insight into how retailers are maturing with respect to digital analytics – and how major analytics vendors are faring in this key vertical.

First, we'll review the use of core web analytics technologies. Then, we examine the prevalence of tag management systems (TMS) and testing, optimization, and personalization tools.
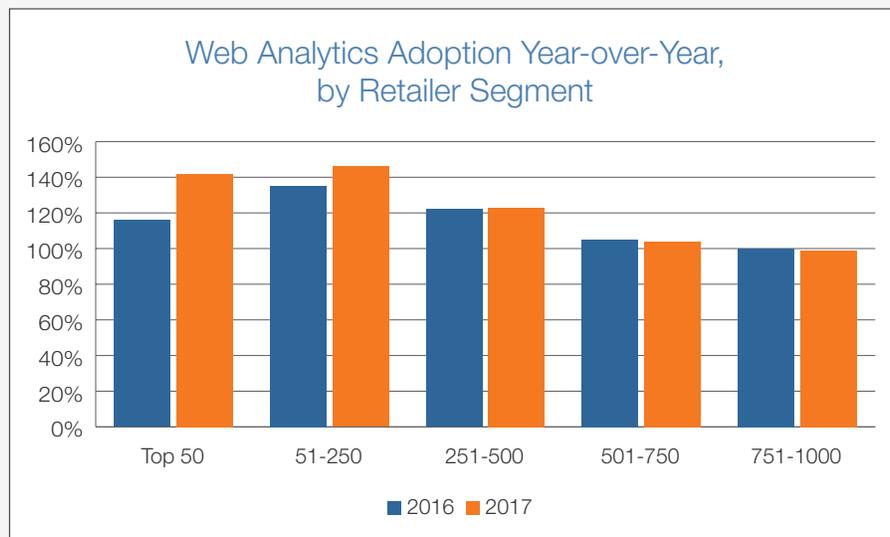
Additionally, in this year's report, we take a first look at data management platform (DMP) adoption and explore whether the analytics market is consolidating around a few large players.

Part I: Digital Marketing Analytics

For marketers, it's likely no surprise that adoption of web analytics platforms is now truly universal. Throughout this report, we use data points from the Internet Retailer U.S. Top 1000 database (IR1000), including retailers' sales data, to parse our findings into several rankings of retailers:

- Top 50
- 51-250
- 251-500
- 501-750
- 751-1000

What is perhaps surprising, is that even in an environment in which analytics is universally adopted, *adoption is continuing at a fairly rapid pace*. This is possible because retailers can adopt more than one analytics platform – for example, use both Google Analytics and Adobe Analytics. The chart below shows the continuing progression in web analytics adoption across the IR1000.

Web Analytics Adoption Year-over-Year, by Retailer Segment

As the chart illustrates, organizations toward the larger end of the spectrum aren't satisfied with simply using one analytics platform. With overall adoption nearing 150% in the top 250 or so organizations, it's clear that many organizations are now running multiple analytics platforms in parallel. While this might seem to be a redundancy, each platform has specific areas of excellence, and those wanting the best

of all worlds can achieve it by adopting multiple solutions. Tools like tag management systems (TMS') make it easier than ever to manage multiple analytics tools if needed.
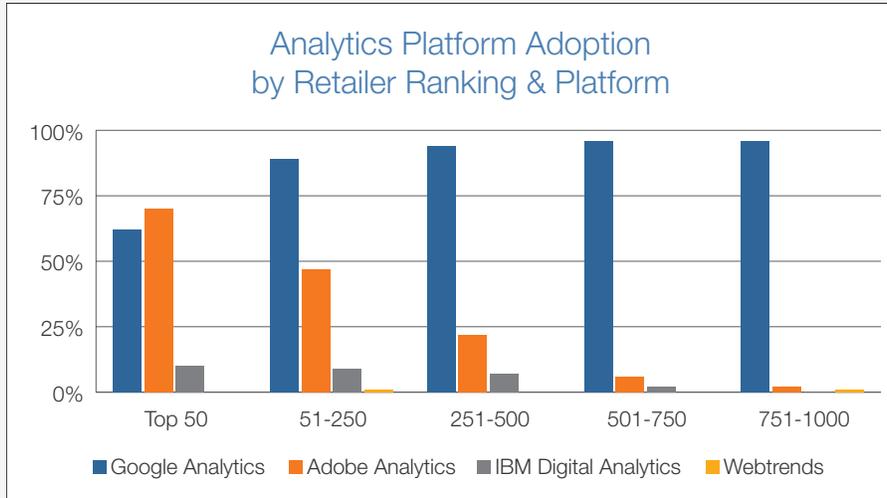
For example, many organizations manage a large proportion of their digital media spend through Google, via platforms such as AdWords, DoubleClick, and YouTube. Given the native integrations that exist between those media platforms and Google Analytics, there's a clear argument to be made to use Google Analytics. At the same time, many organizations have adopted one of Adobe's many digital marketing tools, like Experience Manager (a content management system), Target (a testing platform), or even Audience Manager (a DMP). For organizations using these platforms, the argument for running Adobe Analytics is equally obvious.

Many organizations fall into both of these camps: they use many of Adobe's products, and are also heavily invested in the Google stack. The DoubleClick integration is available only with Google Analytics 360, but could be compelling enough for an organization to pay for two analytics platforms. As a result, we see organizations using both Google Analytics ([2]Standard or 360) and Adobe Analytics.
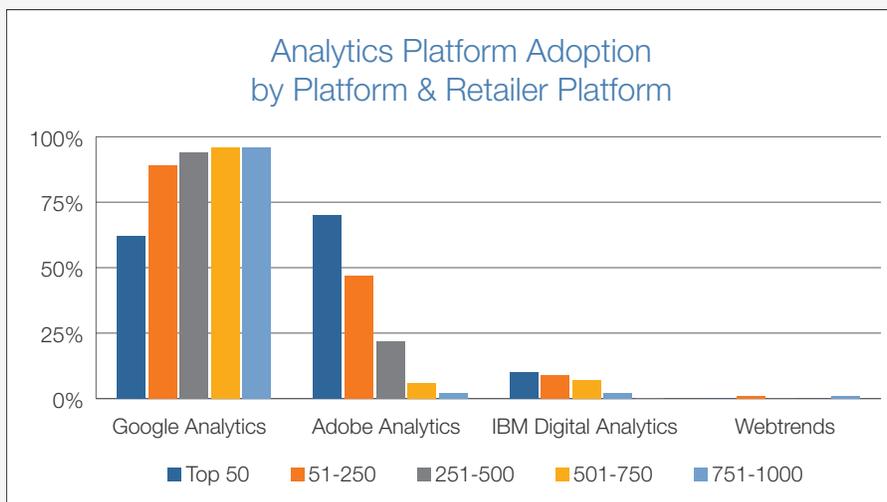
In addition to the business reasons for running multiple analytics tools together, it's also more feasible than ever for organizations to do so. TMS' aren't a particularly new technology, but they're continuing to mature and offer customers ease of use and deployment through less complex interfaces. Whereas in the past, running multiple analytics tools might have been difficult or messy, it's now a relatively elementary proposition.

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2   *Google Analytics 360 and Google Analytics Standard (paid vs. free) was indistinguishable through our analysis, and references to Google Analytics in this report could mean either Google Analytics 360 or Google Analytics Standard.*

Given that adoption is continuing even in an environment that's arguably saturated, we should take a look at how the individual vendors in the analytics market are faring against this backdrop.
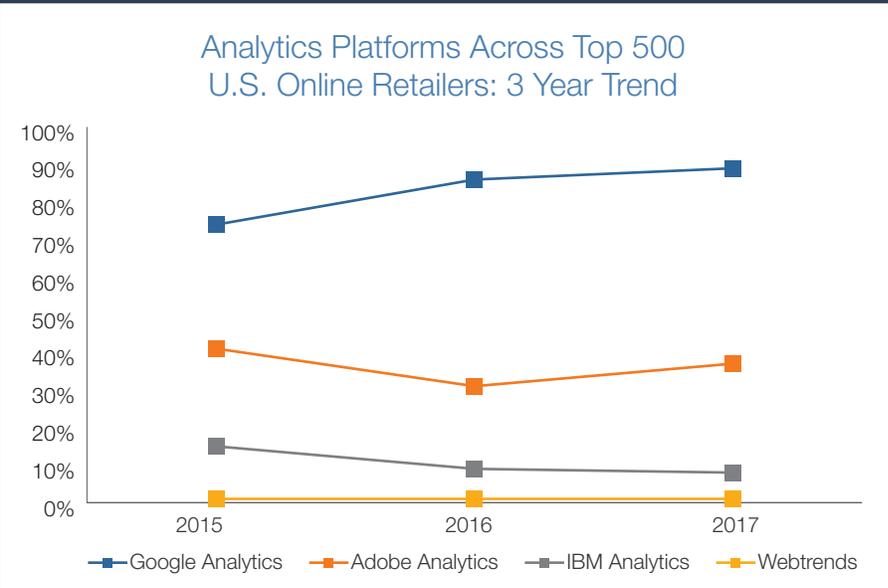
Analytics Platform Adoption by Retailer Ranking & Platform

Google Analytics is a "universal" analytics product, with the notable exception of the very largest retailers, where Adobe Analytics has a greater market share. This dynamic has played out for several years; what's more interesting is that *both* Google Analytics and Adobe Analytics are adopted by top 50 retailers.

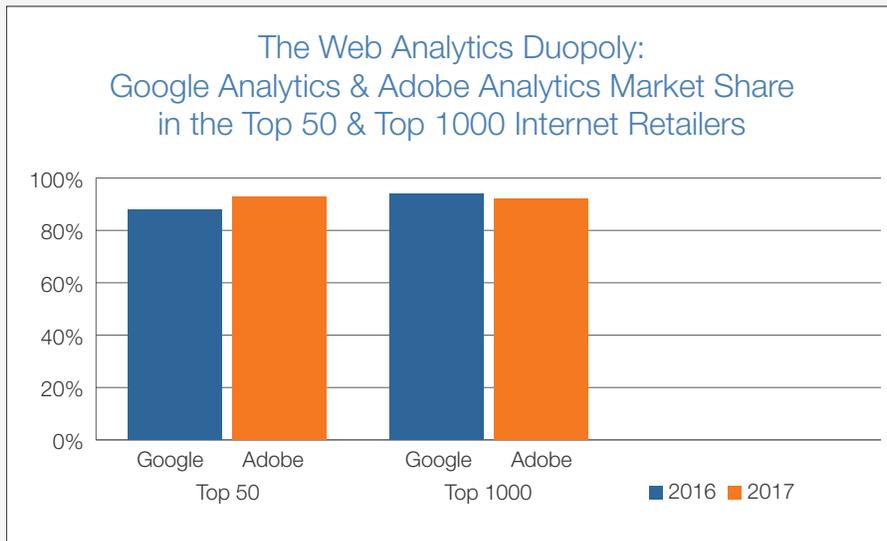### Analytics Platform Adoption by Platform & Retailer Platform

Among the top 50, Google Analytics adoption has grown in one year from 46% to 62%. That would have been enough to overtake Adobe Analytics, had Adobe stood still. But Adobe Analytics adoption has also grown, from 56% to 70%. With the two largest platforms both gaining share in this segment, it's likely that this trend is coming, at least to some degree, at the expense of other players. IBM Digital Analytics (formerly Coremetrics) adoption has declined from 14% to 10%. However, that change can't alone explain the gains both Google Analytics and Adobe Analytics are making. Instead, it appears that organizations formerly only using Google Analytics or Adobe Analytics have now adopted both tools.

Three-year trend in analytics platform market share

Analytics platforms have become a duopoly, with Adobe and Google serving all but a few organizations. The graph below illustrates the market trends in the top 500 online retailers across the past three years. Adobe's market share has been pretty consistent, aside from a small decrease in 2016, while Google Analytics has made some gains on its already large market share. Up against these two platforms, other players are becoming extinct.

Analytics Platforms Across Top 500 U.S. Online Retailers: 3 Year Trend

Legend: Google Analytics, Adobe Analytics, IBM Analytics, Webtrends
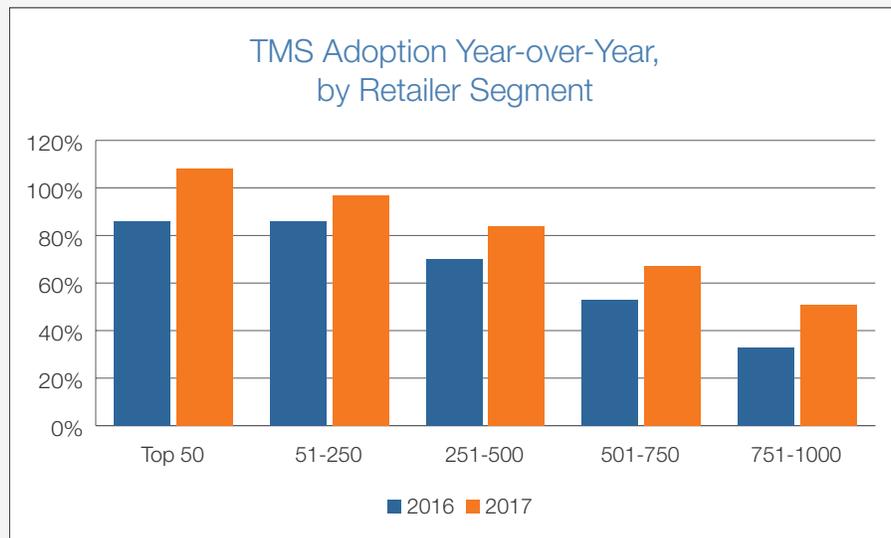
If this trend continues, it will be increasingly difficult for players outside the Google Analytics/Adobe Analytics duopoly to make significant inroads into the analytics market. Switching costs in analytics are high, but smaller players in the analytics market will likely have to convince customers to switch out of either Google Analytics or Adobe Analytics, because while organizations might be happy to use the two biggest analytics platforms, and add other, specific tools to the mix, adding a third analytics platform is unlikely.

The Web Analytics Duopoly:
Google Analytics & Adobe Analytics Market Share
in the Top 50 & Top 1000 Internet Retailers

The data show that while web analytics in the IR1000 has been an Adobe Analytics/Google Analytics duopoly for quite some time, this trend is crystallizing even further in the top 50 retailers. As shown above, these top platforms now account for 93% of the share of web analytics within the top 50, up from the already high 88% last year. This shows the difficulty that other players are having in terms of penetrating this lucrative segment, and we don't see any reason to expect this trend to reverse in the foreseeable future.

Part II: Tag Management Systems

Unlike basic analytics platforms, TMS' hadn't quite reached "universal" adoption as of last year. For example, while 77% of the top 250 retailers had a TMS last year, only 32% of retailers ranked 751-1000 had a TMS. In the intervening year, TMS adoption has ramped up quickly. Across every segment of the retailers, TMS' have made clear inroads into the organizations' marketing technology stacks – as shown below.

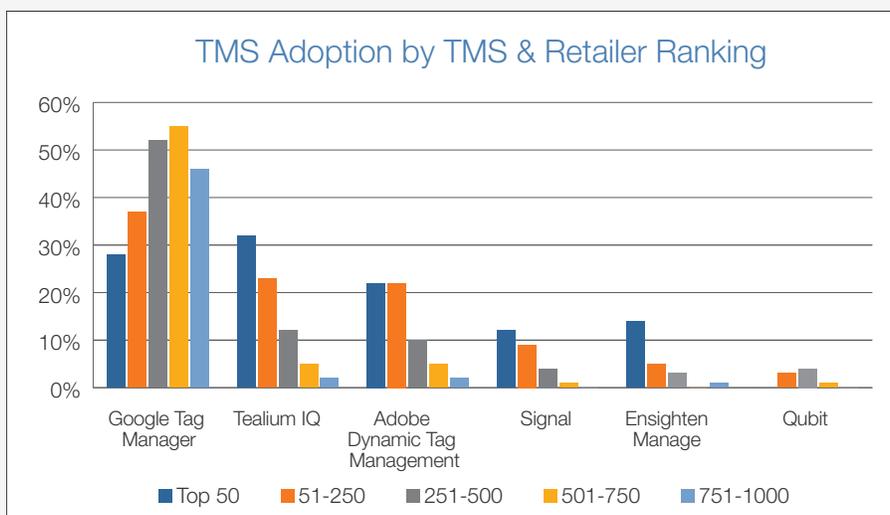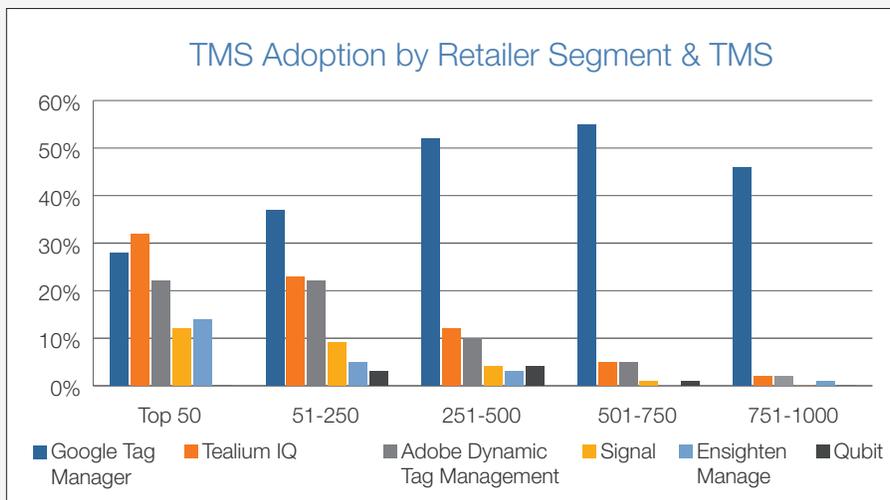## TMS Adoption Year-over-Year, by Retailer Segment

As with core analytics tools, it's possible to achieve greater than 100% adoption, because it's possible for organizations to use more than one TMS. However, unlike analytics platforms, there are generally fewer business reasons to use multiple TMS' in parallel – especially as the TMS industry matures and offers its users more features, and more control. TMS adoption has a natural "ceiling" around 100%, and we don't expect to see incremental TMS adoption continue at the higher end of the spectrum, i.e. in the top 250 or so retailers, where TMS usage is now pervasive.
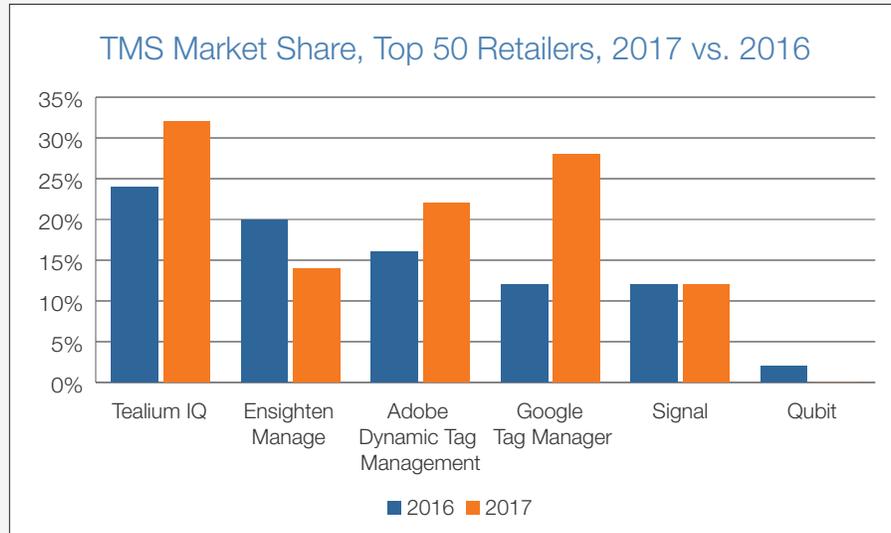
In order for TMS vendors to crack the top 250, it'll be important to be able to convince potential clients to switch out of their incumbent TMS by adding new and innovative features such as Global Data Protection Regulation (GDPR) consent forms, data aggregation and warehousing, and data management and activation. Again, switching costs are high.

Swapping out the TMS can mean redoing a lot of work on products that live "downstream" from the TMS, like analytics and optimization tools. Looking at the retailers in the 501-1000 range, though, there's plenty of room for tag management systems to grow with an adoption rate of just 59%.

At a high level, the vendor landscape looks much the same as it did last year. Google Tag Manager is the dominant player outside the top 50, while within the top 50, Tealium continues to be the most popular option. Few organizations beyond the top 250 are using tools besides Google Tag Manager.

TMS Adoption by Retailer Segment & TMS

Legend: Google Tag Manager, Tealium IQ, Adobe Dynamic Tag Management, Signal, Ensighten Manage, Qubit

TMS Adoption by TMS & Retailer Ranking
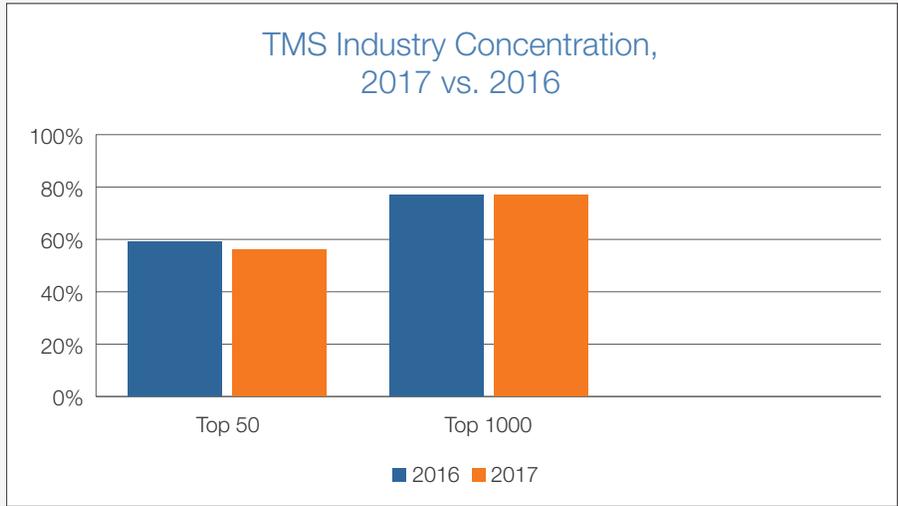
Legend: Top 50, 51-250, 251-500, 501-750, 751-1000

While there haven't been any fundamental shifts in market share overall, there has been some interesting movement in the TMS space. Let's dig a little deeper, and focus on just the top 50 retailers.

TMS Market Share, Top 50 Retailers, 2017 vs. 2016

As the top 50 retailers accomplished universal adoption of TMS during 2017, they appeared likely to do so either with Tealium, the incumbent leader in this segment, or with Google or Adobe's offerings, likely due to their usage of these companies' analytics platforms. Other players, like Ensighten, saw their share decline slightly. Again, tag management is closer to a zero-sum game than core analytics, so once a market is saturated, one vendor's gain is likely to come at another's expense.

The allure of a natively integrated marketing stack is strong; for that reason, we expect to see Google Tag Manager and Adobe Dynamic Tag Manager continue to do well with the top 50 in particular, and with the market in general. Tealium and other players will need to continue to innovate and differentiate their products enough to fend off the TMS' which natively integrate with a full analytics platform.

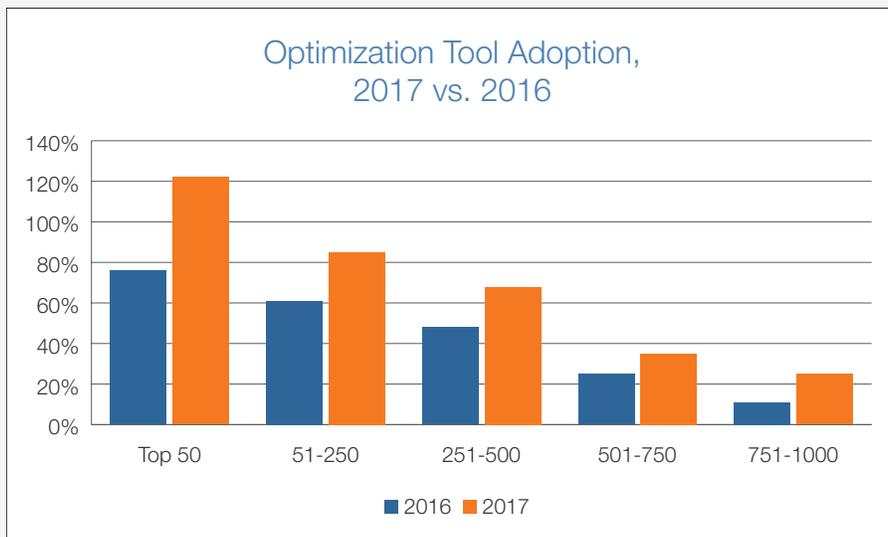## TMS Industry Concentration, 2017 vs. 2016

While not as concentrated as the web analytics space, we do see that across the IR1000, the top two TMS' (Google Tag Manager and Tealium) account for 77% share. Within the top 50, where other players like Adobe and Ensighten have a foothold, that number goes down to just 56%. In other words, while the TMS scene across the IR1000 is fairly concentrated, the largest organizations are still choosing from a healthy number of options, and concentration actually declined from 2016 to 2017, suggesting competition is alive and well in the space.

Part III: Testing, Optimization, & Personalization

Last year, adoption of testing, optimization, and personalization tools was fairly common among the largest retailers (nearly 80% among the top 50), but quite uncommon amongst smaller retailers ranked 501-1000. Fast forward one year and the numbers are looking quite different.

This year, we find that optimization tools have attained "universal" status within the top 50, and have rapidly gained share across all segments of the IR1000, as shown below:

Optimization Tool Adoption, 2017 vs. 2016

This is great news for marketers looking to use data to create more relevant, useful, and engaging experiences for site visitors. Of course, simply implementing a tool doesn't mean the challenge has been met.
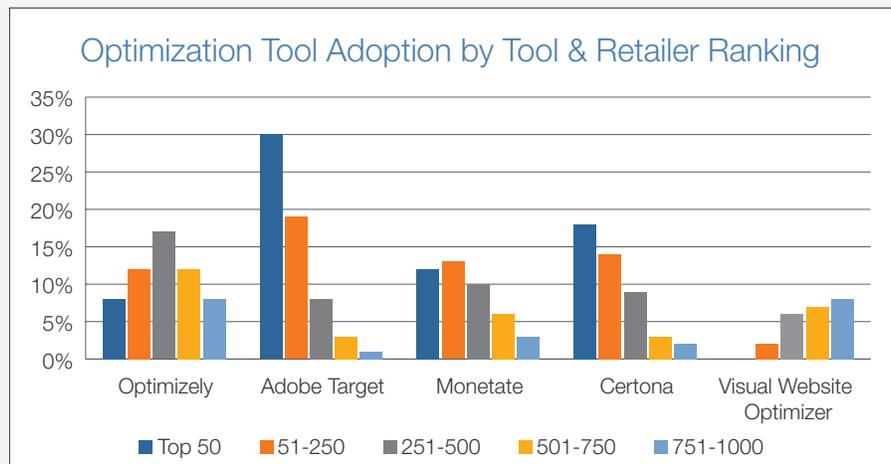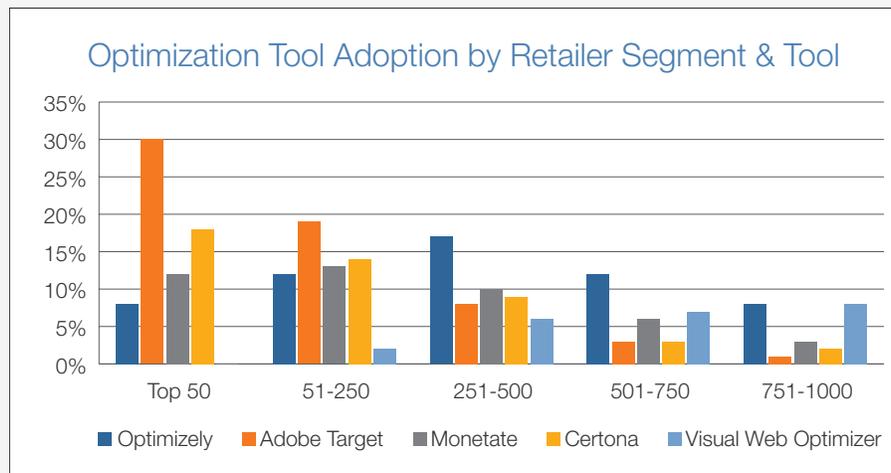
For organizations new to the world of testing and optimization, a variety of new challenges will come up.

- How do you avoid a "piecemeal" approach to testing, in which tests – whether successful or not – are largely random, rather than part of a coherent strategy?

- How do you convince busy stakeholders that creating data-informed hypotheses, building new creative to test, and performing rigorous analysis of test results is all worthwhile, instead of relying on experience and "gut feel?"

- Who should own the testing platform?

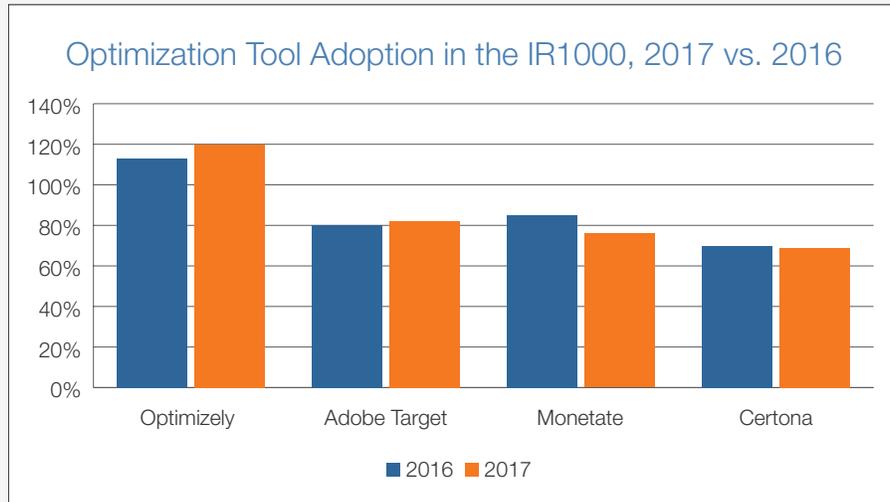- Who decides which ideas get tested, and which never see the light of day?

The answers to these questions will have a large influence on how successful and valuable testing becomes for an organization over the long run.

Adobe Target, Monetate, and Certona tend to have greater market share within the top 250, while Visual Website Optimizer has a strong presence across the smaller retailers of the IR1000. Optimizely maintains a strong presence across all segments.
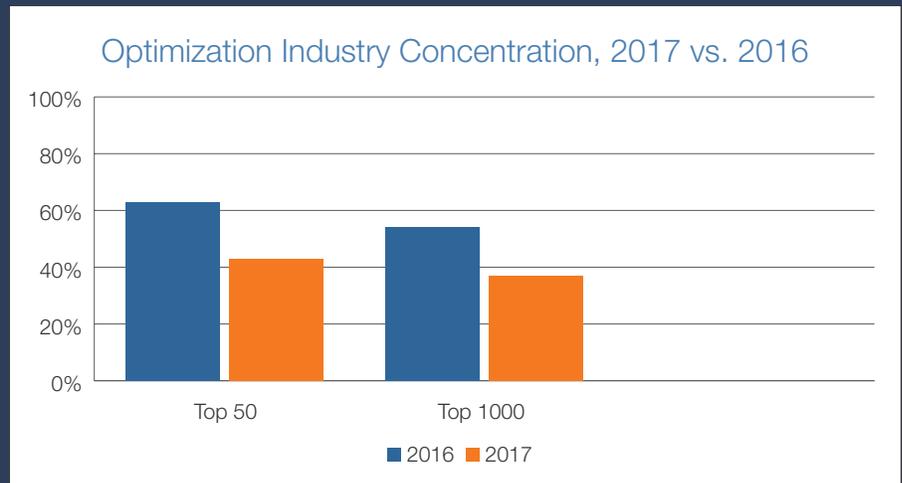
It's also worth mentioning here that Google Optimize (and its paid version, Google Optimize 360) are also recent entrants into this market. Unfortunately, our scanning methodology can't distinguish Google Optimize from Google Analytics, making it impossible for us to compare Google Optimize market share to that of the other tools. Google Optimize integrates natively with Google Analytics, and has an obvious competitive edge. On the other hand, its competing products are generally more mature, and the largest retailers in particular already have one (or more) optimization tools at their disposal. That said, should our methodology allow us to distinguish Google Optimize in the future, we expect it to be making strong inroads into the marketplace.

Optimization Tool Adoption by Retailer Segment & Tool

Optimizely ■ Adobe Target ■ Monetate ■ Certona ■ Visual Web Optimizer

Optimization Tool Adoption by Tool & Retailer Ranking

■ Top 50 ■ 51-250 ■ 251-500 ■ 501-750 ■ 751-1000

In an environment where adoption has heated up rapidly over the past year, it's interesting to look at which vendors have best taken advantage of the trend. Comparing our data year-over-year, we find that no one vendor seems to have made rapid gains within the IR1000.

Optimization Tool Adoption in the IR1000, 2017 vs. 2016

The most likely explanation is that retailers are taking advantage of the very wide array of optimization platforms that are in the market. For example, tools like Maxymiser, BloomReach, and many others are utilized by a number of retailers in the IR1000, though the five most popular options are the ones visualized above (note that we don't have year-over-year data for Visual Website Optimizer).

Optimization Industry Concentration, 2017 vs. 2016

As the data above show, the top two optimization vendors now account for just 37% share across the IR1000, and 43% in the top 50. In both cases, concentration has decreased sharply from 2016 – and this space is much less concentrated than either web analytics or TMS.
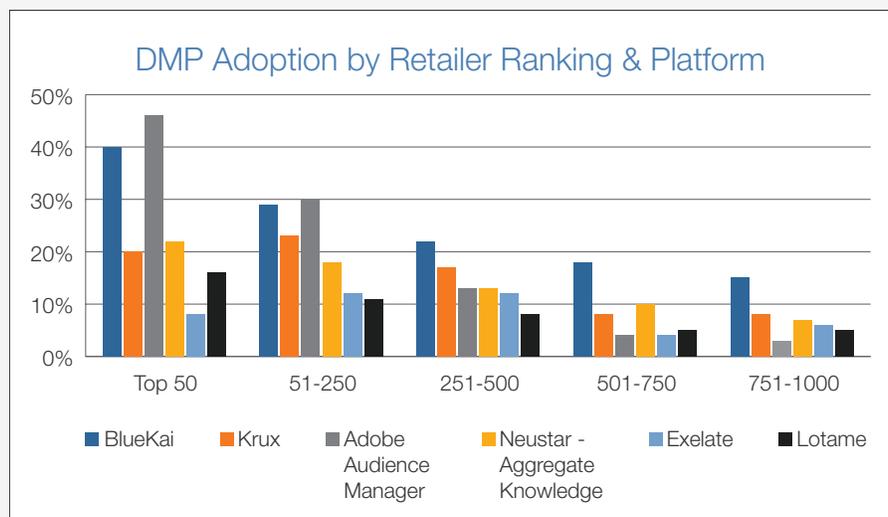
In other words, the rapid adoption of optimization tools across the IR1000 has benefited many of the players in the industry, resulting in a competitive space without any one or two dominant players.
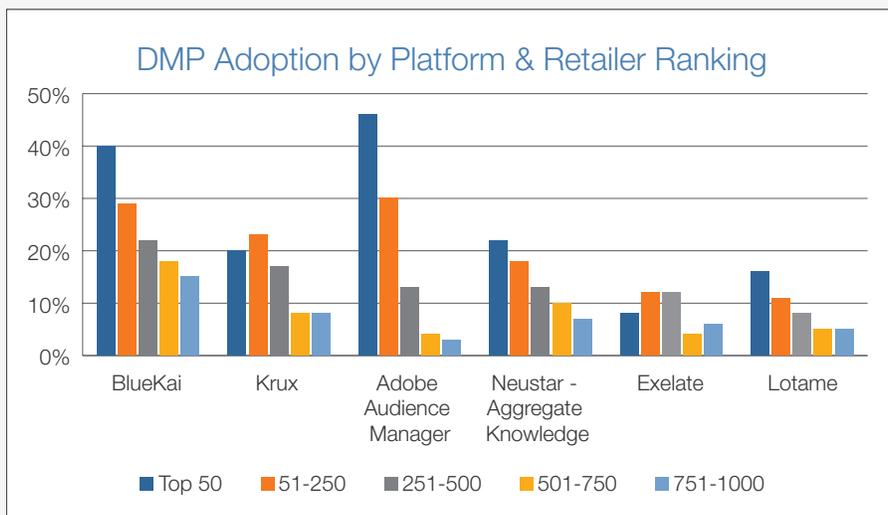
Part IV: Data Management Platforms (DMPs)

For the first time this year, we're taking a look at how retailers in the IR1000 are adopting Data Management Platforms (DMPs). What exactly is a DMP? Definitions will vary, and the space is certainly still evolving, but common capabilities that a DMP brings to the table include:

- Enabling the acquisition and connection of second and third-party data to enrich an organization's first-party data

- Identity resolution (i.e. deduplicating visitors across devices)

- Audience management (e.g. building target audiences and then buying media against those audiences via ad networks)

- Audience monetization, which gives publishers an opportunity to increase advertising revenues

While it's certainly true that the largest organizations are more likely to have implemented a DMP, even among some of the smaller retailers, DMP adoption is clearly well under way.

DMP Adoption by Retailer Ranking & Platform

Legend: BlueKai, Krux, Adobe Audience Manager, Neustar - Aggregate Knowledge, Exelate, Lotame

DMP Adoption by Platform & Retailer Ranking

Legend: ■ Top 50 ■ 51-250 ■ 251-500 ■ 501-750 ■ 751-1000

As shown above, adoption is higher within the largest organizations. In the top 250 or so, Adobe Audience Manager and BlueKai are clear leaders, with a variety of other players claiming market share as well. Interestingly, when looking at those top 250 retailers, we see that DMP adoption is well above 100%.

It's possible to use more than one DMP at once. This suggests that organizations are using some tools for certain capabilities, while using other tools – that are arguably also DMPs – for other capabilities. It's also possible that organizations have DMPs present for in-house use, as well as DMPs for use by third-party partners like agencies. It's also possible that an organization has stood up two DMPs as a trial before committing to a final solution. As this space continues to develop and mature, we may see this "mix-and-match" approach continue, or we may find that some vendors begin to consolidate their foothold within an organization to the point that other, similar products begin to look like a redundancy.

With great power comes great responsibility

One of the key factors driving DMP adoption is the ability to transform marketing efforts by unifying data and managing audiences for multi-channel activation, but getting up and running with a DMP is no small task for many organizations.

Many marketing organizations are structured by channel, so determining who should own the DMP – and how and whether the marketing group needs to be reorganized – is a question that comes up frequently. There's often a need for user training, coordinating the efforts of media agencies, establishing governance around privacy, legal, and regulatory issues. One of the biggest challenges in successfully standing up a DMP is understanding the data that goes into it, and establishing a useful and well-thought-out taxonomy.

Summary

In spite of a saturated market, the adoption of the major analytics platforms, Adobe Analytics and Google Analytics, has increased since last year, particularly within the top 50 where we see many organizations with more than one platform. In fact, the use of more than one platform within the top 250 online retailers grew by nearly 38% from last year.

The use of tag management systems continues to be high – over 80% and up to more than 100% across the top 500 online retailers – but in the lower 500, this drops to 59%.

Ranking	ALL TMS'	GTM	DTM	Tealium
Top 50	108%	28%	22%	32%
Top 250	99%	35%	22%	24%
Top 500	91%	43%	16%	18%
Bottom 500	59%	50%	4%	8%
Top 1000	75%	47%	10%	76%

Adoption of testing, optimization and personalization tools has increased in the past year, with the top 50 now universally using these tools. Optimizely and Adobe Target are clear leaders, though with several tools to choose from, no single vendor shows a dramatic increase in market share over last year.

Data management platforms are showing a strong trend for adoption across the top 1000, and in the top 250, adoption is already over 100%. Multiple DMPs are in use here as well, even as this space continues to grow and develop.

Ranking	ALL DMPs	BlueKai	Krux	Adobe Audience Manager
Top 50	152%	40%	20%	46%
Top 250	127%	31%	22%	33%
Top 500	106%	26%	20%	23%
Bottom 500	46%	16%	8%	3%
Top 1000	76%	21%	14%	13%

A year on, and even in a maturing space, there's been movement in all categories and with the emergence of new players and solutions, including customer data platforms, and a race to achieve GDPR-era data processes, 2018 is sure to be eventful for digital marketing analytics.

Authors

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Nick began his career in digital analytics at Google, where he led their Analytics Guru team. Using analytics to improve marketing accountability and profitability comes naturally to Nick, who managed tens of millions of dollars in AdWords campaigns during his time at Google.

Nick holds an MBA from the University of Michigan Ross School of Business, and is a regular columnist for Marketing Land.

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Based in Chicago, Dan is responsible for drilling down into client data to surface meaningful insights. He works with some of the world's leading brands, helping them to define business KPIs and use their data to achieve them. He recently graduated from the University of Illinois at Chicago - Liautaud Graduate School of Business with an MBA concentration in Marketing and Business Analytics. Prior to that, he received his bachelor's degree in Marketing from the University of Dayton.

About Cardinal Path

Cardinal Path is an award-winning data & marketing analytics firm that helps marketers to win in the digital economy. The world's leading brands look to Cardinal Path to understand, evaluate, and navigate the complex marketing technology landscape and stand up a MarTech stack that works for their unique business. We are the experts in your corner, helping tap the power of data to create demonstrable business value. We are the experts in your corner, helping marketers tap the power of data to create demonstrable business value.
www.cardinalpath.com

Methodology & Resources

Retailers were identified using the 2017 Internet Retailer Top 1000 Guide. To scan sites and discover which tools were being used, we partnered with ObservePoint, whose team automated the analysis using their market-leading scanning tool.

Some retailers may be collecting data server side, or via other methods not detectable by these tools.

About ObservePoint

Analytics and marketing tags are the means whereby companies gather data to create meaningful experiences on websites and apps. When those tags fail, so does the experience.

ObservePoint helps companies automatically test and monitor tags across websites and apps, making enterprises more efficient and confident in their data-driven decisions. With powerful tag auditing and tag monitoring technology, ObservePoint quickens implementation testing, ensures data accuracy, and keeps you in the know of any errors with your tags.
www.observepoint.com