



Maximizing Your Website's ROI

By Ted Prodromou
www.netbizexpert.com

Preface

Every successful company understands that it needs to be a player on the internet to survive. Gone are the days when you could just put up a brochure website with a brief summary of your products or services and be done with it. Today you need to have an interactive website that compels your visitors to stay around long enough to buy something or find a solution to one of their problems. You have to make it easy for them to find what they're looking for so they'll come back again and again.

Today's internet is all about providing a pleasant, satisfying experience. When someone enters a search term in Google, they want to be directed immediately to a web page that solves their problem or satisfies their desires. If they search for "iPhone" they don't want to be directed to Best Buy's home page where they have to search for the iPhones again. They want to be directed right to a web page with iPhones and only iPhones. If they search for "iPhone accessories" they want to see iPhone accessories not a page of iPhones. Give them what they want easily and immediately and they'll come back for more.

Starbucks mastered the art of creating an experience for coffee drinkers. Could you have imagined paying \$4 for a cup of steamed milk with a shot of coffee ten years ago? Not in your wildest dreams. Starbucks created a pleasant, inviting experience that keeps people coming back day after day. Many come back multiple times a day spending up to \$20 a day on coffee drinks. You can buy a lot of Folgers coffee for \$20!

You need to create the same experience with your website. Your website needs to be a destination for your target audience. You have to know what they want and give it to them immediately. You also have to solicit their feedback and let them create content for you. User-generated content now fills more than 50% of the content on the internet. Web video is now more than 50% of all internet traffic and over 70% of all internet users have watched at least one web video.

Creating this experience isn't cheap. Building a website isn't a one-time event like it used to be where you hire a web development firm and you're done. Your website has to be treated like a living, breathing entity that needs constant care and feeding. You need a full time person watching over it, constantly adding features and content.

Now that your website is becoming a major investment of time and money, it's time to start measuring your investment and return on investment (ROI). Throwing a ton of money into your website without a plan and a way to measure your ROI is foolish. Your website has to be planned carefully and completely in sync with your sales and marketing strategy. Your website is an extension of your sales and marketing departments and needs to be treated as an integral part of your sales process.

If you build your website properly and keep it updated with fresh content that satisfies your visitor's desires, your sales will skyrocket and your retention rate will improve dramatically. It's all about providing that pleasant experience that makes it easy for your visitor to purchase your products or services.

This report will teach you how to measure your current website ROI and make some simple changes to your website that will drastically improve your ROI and conversion rates.

Part 1 – What is my website ROI?

The definition of ROI in business is very simple.

A performance measure used to evaluate the efficiency of an investment or to compare the efficiency of a number of different investments. To calculate ROI, the benefit (return) of an investment is divided by the cost of the investment; the result is expressed as a percentage or a ratio.

$$\text{ROI} = \frac{(\text{Gain from Investment} - \text{Cost of Investment})}{\text{Cost of Investment}}$$

How do I apply this to my website? First you need to determine the cost of your investment. What do you spend on your current website on a monthly basis? Some of your expenses may include:

1. Programming expenses
2. Web hosting expenses
 - a. Lease or purchase price of servers
 - b. Or hosted at a third-party web hosting facility
 - c. System administration
3. Software expenses
 - a. Development tools
 - b. Monitoring tools
 - c. Ecommerce shopping cart
 - d. Software licensing
4. Domain name registration
5. Advertising expenses
 - a. Pay Per Click
 - b. Banner ads
 - c. Offline advertising
 - d. Other advertising
6. Merchant accounts for ecommerce
7. Other expenses

To use this formula you have to know how much you're earning from your website. If you're strictly an ecommerce website this is easy because you know exactly how many products you sold and how much you earned. If you sell services and your website is just a lead generator it's a little more complicated.

You can measure your ROI using the profit per visitor model. This is a two-step process of capturing the lead and then following up with the lead to close the sale. To calculate the profit per visitor you need to

Copyright © 2007 All Rights Reserved

NetBizExpert

www.netbizexpert.com

have a way to capture the lead information and track that lead until they “buy or die”. The information you need to track the profit per visitor is:

1. Number of website visitors
2. Total cost of traffic (advertising expenses)
3. Total operating expenses
4. Number of leads captured
5. Number of sales
6. Total revenue from sales
7. Net profit

You can calculate different conversion rates. First you want to determine the percentage of leads captured:

$$\text{Lead Capture Rate} = \frac{\text{Number of leads captured}}{\text{Number of website visitors}}$$

If you have 1000 website visitors and you capture 25 leads then your Lead Capture Rate is:

$$\text{Lead Capture Rate} = \frac{25}{1000} = 2.5\%$$

Next you want to track how many of the leads captured are converted to closed sales.

$$\text{Conversion Rate} = \frac{\text{Leads}}{\text{Closed sales}}$$

You can also calculate the number of closed sales versus total website visitors

$$\text{Conversion Rate} = \frac{\text{Website visitors}}{\text{Closed sales}}$$

You also want to calculate a number of other statistics so you know as much detail about each website visitor as possible. Ultimately you want to know the value of each website visitor.

$$\text{Value of each website visitor} = \frac{\text{Total number of visitors}}{\text{Total profit}}$$

Part 2 – How do I measure my website ROI?

There are a number of tools that help you monitor your website. Almost every web host provides free monitoring software with your web hosting account. If your web host doesn't provide monitoring software then it may be time to look for a different provider. The most common free software packages are Webalizer and Awstats. Both are very good monitoring programs and provide extensive web traffic statistics.

There are hundreds of premium software packages that range in price from under \$100 to thousands of dollars. There are also many companies that will monitor your website from a central location. They notify you if your website is down and they provide detailed traffic reporting statistics. These monitoring services vary in price according to the level of service you desire.

The best free website monitoring software is provided by Google and it's called Google Analytics. The software is based on Urchin software which Google has enhanced since they bought the company last year. Analytics provides the same monitoring capability as the high end retail monitoring packages that cost thousands of dollars.

Analytics lets you track your website visitors in great detail. It tells you how many visitors you have, what time they visited, what page they entered your site on, what page they exited on, how long they stayed on your website, exactly which pages they visited, where the visitor lives and tons of incredibly detailed information about your website visitors. You can even set up conversion tracking so you know if they completed a task that you define. You can set up a goal to track purchases and another goal to track opt ins. You also have the ability to create custom goals that Analytics tracks for free.

What if you knew what time of day your website visitors came to your website, what pages they like best, what pages they don't visit for long, what countries, states and cities they come from, how often they come back and what products they like best.

If you have peak days of the week or peak hours of the day, you could publish specials just for those visitors at that time because you know when they're coming and what pages they'll be visiting. It's like having your own crystal ball!

Here's a partial screenshot of the Analytics Dashboard



There are many more statistics that Analytics tracks in great detail that wouldn't fit on this screenshot. If you want to see a detailed video of Analytics in action visit:

www.netbizexpert.com/video/analytics

Part 3 – How do I improve my website ROI?

There are a number of ways to improve your website ROI. By reading this report you're going to improve your ROI because you're now aware of what website ROI is and how to measure it. Most companies build a beautiful website, launch it, and take the "if you build it they will come" approach.

What happened to Kevin Costner when he built his beautiful baseball field and they didn't come? He almost went broke and lost his farm. He realized that he needed to do more than just build a beautiful field to make it successful. He changed his approach and took different action and they started to come. Take the same approach with your website.

1. Assessment

Stop right now and take an assessment of what's working on your website and what's not working. Determine how much you're spending every month to keep your website running. Identify all of your expenses and break it down in as much detail as possible. If possible, determine how much you're earning from your website every month.

2. Make a plan

If you don't have a detailed plan for your website it's time to create one. Some things to consider are:

- A. What is the purpose of your website? Will your website be a brochure website that never changes or a lead generation tool, or an ecommerce site that sells products or a combination of lead generation and online sales?
- B. Who will provide the content for your website? Will sales or marketing drive the website? Who is the final decision maker for the website? It needs to be very clear who's in charge of the website.
- C. Will you develop and maintain the website with in-house staff or will you outsource it? Or a combination of in-house and outsourcing?
- D. How are you going to drive traffic to your website? Are you going to create marketing campaigns that drive traffic to specific promotions on your website? Are you going to use pay-per-click marketing? Are you going to focus on natural search engine listings?

- E. Get all stakeholders involved in the planning of your website and the ongoing operation. Your website should be dynamic and flexible so you can provide what your visitors want in a timely manner.

3. Create a conversion-focused experience

When somebody searches Google for a specific term they are trying to solve a problem or satisfy a desire. Create your marketing campaigns with that in mind. If I'm searching Google for "old vine zinfandel" I don't want to be directed to a web page that displays chardonnay, merlot, zinfandel, and cabernet. I want to be directed to a web page that shows me information about old vine zinfandel and makes it really easy for me to purchase a bottle if that's what I want.

4. Keep it simple

There's nothing more frustrating than a poorly designed website that makes it hard for you to find the information you're looking for. It's even more frustrating when you have your credit card in hand and you're trying to make a purchase but the complicated check out process makes it nearly impossible to complete the transaction.

- A. Make your web pages clean and simple
- B. Create a navigation structure that's easy to follow
- C. Make it easy to sign up for your newsletter and send them a confirmation email to welcome to your newsletter. Offer them a discount on their first purchase as a welcome gift.
- D. Make it really easy to spend money on your website. Your checkout process should be so easy that your grandmother could even do it.

One of my mentors said it best. Assume that Homer Simpson has come to your website and wants to make a purchase. Your sales process has to be so simple that even Homer could figure it out. There's something about technology that makes us all like Homer at times. Most internet users have trouble completing even the simplest tasks so design your website so it's impossible for them to fail.

5. Implement tools to monitor your website

Start by implementing Google Analytics so you can see who's coming to your website and what they're looking for. From the information you gather with Analytics you'll know exactly what's working on your website and what needs to be improved.

Monitor your website statistics daily. You'll see patterns developing that you can leverage into increased sales and higher retention rates. Your goal should be to provide an experience that keeps your website visitors coming back over and over.

6. Test, monitor, adjust, test, monitor, adjust...

Use the data you're collecting to test your conversion-focused experience. Test different headlines and sales copy. Test different landing page layouts. Test different prices. Test the campaigns that are driving traffic to your website.

Make sure you match your message every step of the way. Assume your potential customer is doing a Google search for a specific term that's going to lead them into your sales funnel. You want keep presenting those keywords throughout your sales process so you give them what they're looking for and make it really easy for them to complete the transaction with you.

Conclusion

Well it's not actually the conclusion but the beginning. The process of building a website and marketing never ends. Remember that your website has to be dynamic and constantly updated with the latest information. Nobody is searching the internet for last week's news. They're looking for today's information hot off the press. Your job is to build a website that provides a positive experience that will keep them coming back for more. You want to be their trusted source of information for your industry.

This is just the tip of the iceberg. The internet is changing every second and it's hard to keep up. When you want to know what the latest internet trends are and what Google's up to now, visit my website at www.netbizexpert.com. I'm constantly updating my website with the latest and greatest information about what's working on the internet and what's passé.