

Measuring and increasing return on investment in your website



This checklist is designed to help measure and increase return on investment in your website. It assumes a basic knowledge of the Internet (World Wide Web) and Web Browsers.

The Internet is a powerful medium for business and a website should be used as an integrated part of any business tools package for marketing strategy.

MCI Standards

This checklist has relevance to the MSC National Occupational Standards for Management: Key Roles A and B - Manage Activities and Manage Resources.

Definition

Imagine that your website is a supermarket. You want to be able to access information as supermarket chains do. They scan your trolley items and take that information to determine what sells best and how to organise their supermarkets to grab your attention.

Return on investment or web metrics means defining your goals and measuring what goes on at your website in order to meet those goals. You cannot manage what you cannot measure and you cannot measure what you cannot define.

The advantages and disadvantages of measuring and increasing return on investment in your website

The advantages of measuring and increasing return on investment in your website

- ▼ Measuring and increasing return on investment can make your website accountable when justifying the costs of running it
- ▼ All websites have log files. Simply looking at these files can give you a lot of information for improving your site
- ▼ Knowing the rules of measuring and increasing return on investment in your website before deciding to break them will enable you to approximate which types of customers may no longer visit your site

The disadvantages of measuring and increasing return on investment in your website

- ▼ You cannot successfully measure everything
- ▼ Storing and archiving data can be a full-time job
- ▼ Some software can be expensive and not what you want

Measuring and increasing return on investment in your website checklist

1. Extend the use of the website

Your website is not a separate entity. It is a tool to be used as part of all the other marketing and delivery tools you have. Are you using your website efficiently? Websites can be used to communicate with suppliers, customers and the press. Billing and the status of an order can be dealt with using web

pages rather than phoning or posting information – both means of communication cost more than adding extra functionality to websites. For example your website can contain downloads for:

- ▼ Information and brochure packs, Press packs and news releases
- ▼ Advertising your other services to regular customers, Special offers and promotions
- ▼ Sign-in areas for your newsletters which also helps to build up your database of potential clients
- ▼ Selling your product if it is downloadable e.g. information or software

2. Usability and accessibility

Having a usable and accessible website illustrates that your company is demonstrating its social responsibility as well as trying to increase its market share and audience reach and reduce any legal liability. Research has shown that websites that have been re-designed to be usable and accessible have increased their return on investment.

3. Search engine optimisation

- ▼ To check your website is actually registered on a search engine, go to the search engine's home page and type in something unique about your company, e.g. your telephone number. If your web page is not on the results which return then you are not listed on their engine
- ▼ Design for accessibility and you are also designing for automatic web crawlers, spiders, robots (software used by the big named search engines). Some crawlers only go 2 levels deep and work best with a site map
- ▼ Algorithms for Yahoo! and Google change regularly to counteract tricks such as spamming where a website will contain lots of buzz words to get people to the site. Creating a user friendly site with accessible options selective 'key words' which are then echoed in the text (or copy) of the web pages can help your site get included in the directories. Read their guidelines to find out what sorts of site they list. Paying their fee is not a guarantee that you will be listed.
- ▼ Know your website's conversion rate as this will help you decide if you want to pay for getting people to your site. Pay-per-click or by bidding for keywords as offered by various search engine companies will only be profitable if you know your conversion
- ▼ Bear in mind that attracting the wrong people to your website, especially if you pay for it, will just increase your 'hits' not your revenue. So
 - ▼ Target the right key phrases and spend time writing good titles and descriptions to attract people who will buy
 - ▼ Send the visitor directly to a "sales" page so there are not too many clicks to buying your product or service

4. Other means of attracting traffic

Even if you follow every search engine optimisation tip and find no search engine ranking improvement, you will know that search engines are not the way your site attracts traffic. Concentrate your efforts in other areas.

- ▼ Branding and reputation management are normally achieved by advertising. Advertising can be done by banners, click throughs on HTML email messages, and affiliate programs such as those run by Amazon, the result being that the user is brought to your site by clicking on something that redirects them
- ▼ People also find sites through word-of-mouth, traditional advertising, the traditional media, newsgroup postings, web directories and links from other sites. Many times, these alternative forms are far more effective draws than search engines
- ▼ Use the signature file on your email so that each time you send out an email there is a link to your website.
- ▼ Calculate your cost of promotion using these equations to carefully monitor if advertising and on-line sales pushes are worth it:
 - ▼ $\text{Cost per conversion} = \frac{\text{advertising costs}}{\text{no. of sales}}$

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- ▼ Net yield = total promotion cost/ total promotion results

5. Web logs

If you are hosting your own website you can readily access the web log files. These are long files which contain lots of seemingly random data and are not easy to read. However, looking at your log files this is what you should be able to decipher:

- ▼ Hits – entire site, average per day, home page. Hits are not a single user. They can be part of page or a graphic. On average 16 hits is equal to 1 visitor
- ▼ Page views – average per day, document view. This is more useful as you can see which pages are the most popular
- ▼ Visitors – unique, one-time visitors, more than once visitors, length of visit, origin of visit
- ▼ What type of browsers your visitors use, who they work for, what time of day they visit their site
- ▼ Where they were referred from e.g.
 - ▼ a search engine and the words they used. Knowing what people are looking for can help you attract more customers and whether it is something generic such as ‘running shoes’ or specifically you by your brand ‘Reebok’
 - ▼ a portal e.g. Oxmedianet. You can judge whether your website listings are working

If you can't decipher this yourself due to time or technical constraints. Get some software. But before you buy any, decide what you want to measure, take it for a test drive so that you pick the right metrics software and learn how to use it thoroughly. Basically there are 4 levels of tools ask what you want to have:

- ▼ Monitoring – for deciphering what people want and how to get them to stay longer on your site
- ▼ Feedback – trying to provide a better user experience by personalising the site according to demographics
- ▼ Leverage – increasing customer profitability by cross-selling, customer profiling and providing customer satisfaction
- ▼ Strategic – optimising your business model, getting rid of low-margin customers, tracking customer life-time value

On average any statistics you have containing numbers of visitors are inaccurate by as much as 30%. This is because robots, caches and dynamic IP addresses falsely boost/diminish your hits

6. Measuring the site: benchmarks

Some benchmarks you can easily calculate using your web log information are as follows:

- ▼ Stickiness = total no. of time spent on a page/ total no. of visitors
- ▼ Freshness = average content area refresh rate/ average section visitor frequency
- ▼ Skip factor = no. of visitors who skip intro scripts/ no. who don't skip * 100
- ▼ Migration = average no. of exits from an area/ average no. of visits to an area * 100
- ▼ Focus = average no. of pages visited in a section/ total no. of pages in the section * 100
- ▼ First purchase = required clicks to purchase/ actual clicks to purchase

Any good website will keep its stickiness factor high and its freshness factor less than 1 (i.e. update your site regularly) and its first purchase factor low to increase its sales. If people keep returning to your site then eventually they will buy something. Therefore, keep your eye on these benchmarks and try to improve your performance.

7. Can't measure everything

Archiving data can be an expensive process. Therefore, think carefully about what you want to measure. Admittedly log files become most useful over time but can take up a lot of space. More expensive analysis tools can compress and archive log files before classifying them for future use.

8. Software to help you

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It is always helpful to download some free software to help you analyse your log files and visualise how people use your website. In this way you can get an idea of what you can do and what you would like to do before committing your company to buying software that can sometimes be unwieldy and expensive and not really what you need.

Dos and don'ts for effective use of measuring and increasing return on investment in your website

Do

- ▼ Be focussed about what you are measuring and why
- ▼ Shop around. If a search engine optimisation company offers to get you listed on 20,000 search engines ask them which ones. Are there 'big names' there?
- ▼ Ask how much time you are going to spend working on getting your website. At some point the law of diminishing returns will work more effectively than increased return on investment

Don't

- ▼ Try and measure everything
- ▼ Forget that search engines are not the only way of getting people to your website

How to assess measuring and increasing return on investment in your website effectiveness

- ▼ Compare the cost of running your website with the cost of your time in sending in out brochures etc.
- ▼ Know and measure:
 - ▼ Your website rate of conversion
 - ▼ The stickiness and freshness factor of your top pages

Related checklists

- ▼ Guidelines to ensure website accessibility
- ▼ Defining and supporting usability and accessibility objectives with software

Useful reading

To decipher the HTTP error codes e.g. "Not found 404" look at www.w3.org/Protocols/HTTP/HTRESP.html

"Web Metrics: Proven methods for measuring web site success", Jim Sterne, Wiley Publishing Inc., New York, 2002

Tools you can download to analyse web log files and visualise how your visitors surf your site
<http://zing.ncsl.nist.gov/WebTools/>

Useful addresses

Management Information Centre, Institute of Management, Management House, Cottingham Road, Corby, Northants, NN17 1TT
Tel: 01536 204222

Thought starters

- ▼ What is the purpose of your website? Does it earn its keep?
- ▼ Where are my log files? Am I using the information I already have effectively?

Further information

To be added by editor.

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