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MEASURING ROI FOR YOUR WEBSITE

So You Can Demystify How Much You Should Invest

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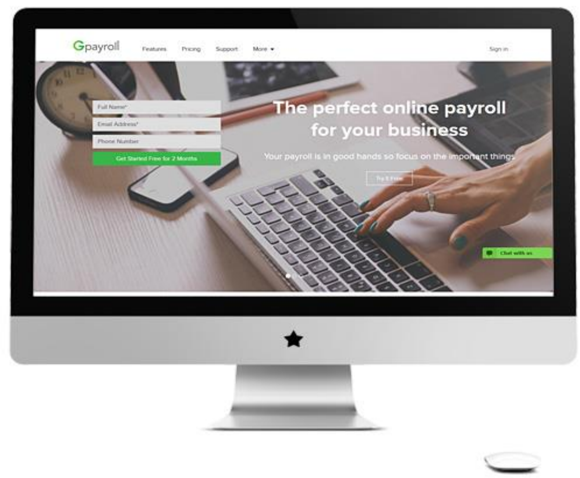
ROI
FROM YOUR WEBSITE



Most savvy business owners agree that a website should produce a positive return on investment (ROI).

Don’t you agree that your website once invested, should contribute to the financial health and prosperity of your business?

The tricky part is how this should be measured, particularly for non-ecommerce websites.

Fortunately, you don’t need PhD for this. We will show you how!

HOW DO YOU MEASURE ROI ON YOUR NEW WEBSITE?

We all know that measuring ROI for an ecommerce website is pretty straightforward.

The calculation is simply (Income - Expenses) / Expenses = ROI. This basic formula may be slightly modified to include future income (lifetime customer value).

However, it is tricky for non-ecommerce websites to calculate the income from the website. The expense (a.k.a. investment) that goes into the website is the easy part to figure out, the income part is more complicated when that income doesn't come in directly through an online shopping cart.

"Remember that hindsight will always be 20 / 20. Timeliness is valuable."

CLOSE IS GOOD ENOUGH

This is where close becomes good enough - in quantifying the amount of income that your website brings in. **The reason for this is that information that is close enough to be useful can be gathered fairly quickly, therefore enabling good decisions to be made more quickly.** A good decision made in a timely manner is a lot more profitable than a perfect decision made too late. Remember that hindsight will always be 20 / 20. Timeliness is valuable.

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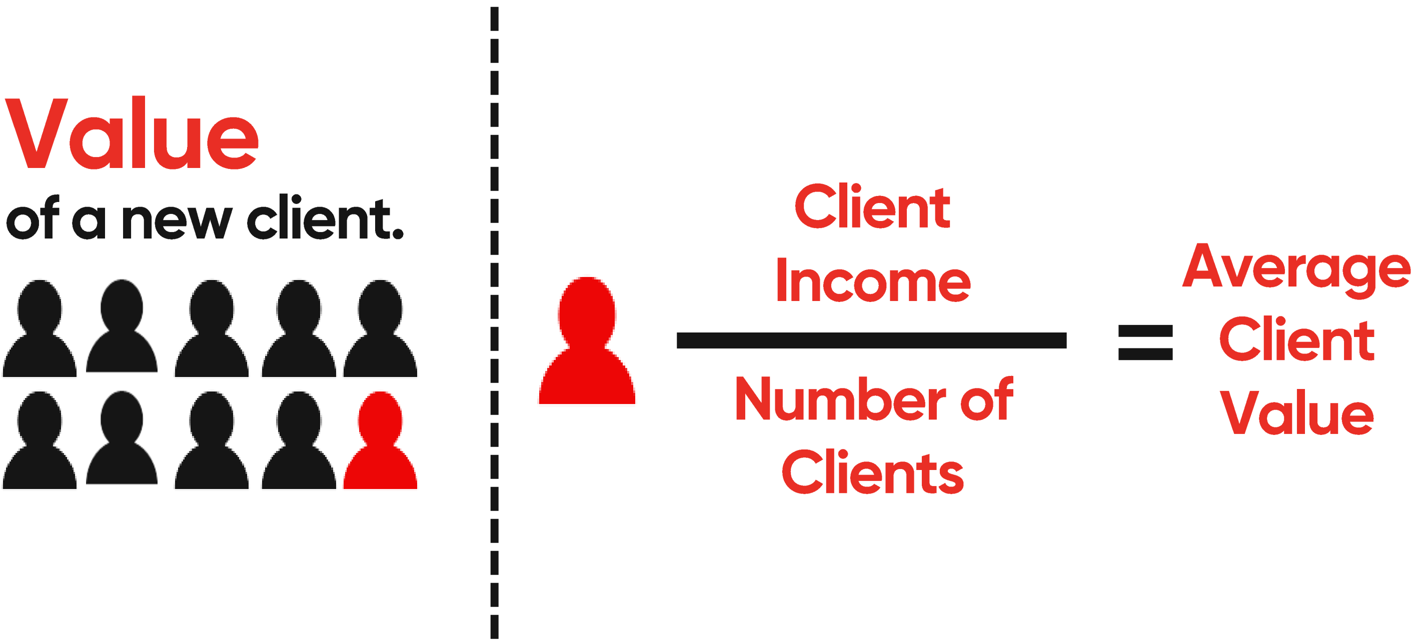
YOU NEED TO KNOW HOW MUCH A NEW CLIENT IS WORTH TO YOU



In order to quickly make effective calculations about your business, there is a number that you absolutely must know. Without knowing the value of a new client, you could be making decisions that seem ok for a while, but produce devastating long-term consequences.

Many times, business owners aren’t clear about this number because they are confused about the value of different types of clients or customers that they serve.

Although you can, and should segment your clients to better serve them and their particular needs, this is an advanced strategy that is best kept until you have got the basics already in place.

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The lifetime value of your client on the other hand is a little more complex to calculate, but well worth taking the time to do so.

For the sake of simplicity, you can calculate the value of a client over a span of 2-5 years rather than over the lifetime of the client relationship.

This takes into account the frequency of which a client makes a purchase from you.

In other words, it pays to know how much business an “average” client will do with you over a 1 year, 2 years, or 5 years period of time.

How long do they continue to do business with you?

Knowing the value of a new (average) client provides you with the key to all sorts of valuable insights about your business and marketing.

This is perhaps one of the most important piece of information that is still unknown to many average business owners.

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TOP 5 WAYS CONTRIBUTING TO YOUR ROI

1. Assist in the Sale

2. Due Diligence

3. Multi-Channel Marketing

4. Time Saved

5. Business Analytics

There are a number of different ways that a website may provide a positive return on your investment.

When the sale is made off-line, perhaps during a face to face appointment, a website can still make a very important contribution to the sale.

For those who provide professional services, the website can help to bring in and identify prospective clients, earn the right for serious consideration by potential client, increase the rate of closing the sale during the face to face appointment, increase the staff efficiency, increase client retention, and increase referrals.

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1: ASSIST IN THE SALE

Even if the sale is made in a face to face meeting, the website still has a very important role to play in setting up the sale.

This is done when the prospect is assigned to go to the website and read certain pages, or even fill out certain forms.

The purpose of this is to provide a safe environment for the prospect to become more familiar with your business, thus making sure the actual meeting is much more efficient because the most common prospect questions have already been dealt with on the website.

This enables prospects to self-qualify themselves and allows the actual meeting to focus on their needs, not your business.

The net result of this is that the website assists in the sale by setting up the closing of the sale conversation and increases the closing rate for those sales conversations.

If you have carefully tracked your closing rate, the impact that your website has on your business can be easily quantified by comparing closing rates of using your website in this way vs. not using it as part of the sales process.

If you're not tracking closing rates, you should be, for how else will you be able to measure the impact of changes to your sales process?

2: DUE DILIGENCE

A poor or missing website can cost the business a great deal of money in the form of lost sales. This happens even when contact with the prospect is made offline through referral, personal networking, phone call, or advertisement.

Even when the entire sales process is conducted in person or by phone, the lack of a website will cause some prospective clients who are otherwise interested in you and your business to drop you from their consideration list because they do go online to conduct their own due diligence before signing on the dotted line.

What they discover about your business can indeed, and often does, make or break the deal. Estimating how many sales are lost due to a poor or missing website is tricky at best. The reason is that most prospects that lose interest in your business after not finding your website at all, or finding one that doesn't make a professional impression, will not tell you why they lost interest in you. This is particularly true with affluent prospects, as they tend to voice complaint about 30% less than their middle class counterparts.

If you suspect that your website may be losing sales for you in this way, start thinking about the value of a new client in your business and then begin working with someone who can help you create a website that sucks in new leads and sales like a magnet.

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3: MULTI-CHANNEL MARKETING

For most businesses, the sales and marketing process spans across several different channels. Consider, for example, a prospect that comes to you via referral. That word of mouth referral may then receive something from you in the mail or email, go online to look for your website, and may ultimately meet you in a face to face.

That prospective client's contact with your business takes place across many different channels. The multiple touch points that take place between the business and the prospective client all play a very important role in leading up to the sale.

Which of the different channels where interaction occurred should be credited with the sale? How do you quantify the impact of your website in a situation like this? Suffice it to say that when it comes to attribution theory, there are lots of theories and a variety of different mathematical models to choose from.

The best way to assign credit for the sale to the appropriate channel without getting bogged down in different theories is to apportion credit for the sale on a percentage basis between all the different channels in a way that makes sense to you.

(If you'd like to read more about attribution modelling, we recommend the Google help article on how this applies in Google Analytics.)

4: TIME SAVED

Websites can often provide another important contribution to the company and that is in the area of efficiency.

Information collected in online forms, forms printed out, common questions answered, pre-qualification of prospective clients - these are all the ways that your website can save you (and your staff) time.

To quantify the impact that this has on your business, look at the different ways that your website saves you and your staff time.

Then consider how much time it takes to handle these things when people rely on you and your staff instead of your website in this way.

How much time is saved in this way by your website each week or each month?

How much are those hours per month worth in your business?

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5: BUSINESS ANALYTICS

Few enjoy record keeping. It is, however, one of those necessary things that must be done if you're serious about improving and growing your business.

The best way to make something grow and improve is to start measuring it. Without measurement, little positive change can occur. The cost of improvement is the time spent in measurement and analysis of results.

How frequently you review the different key performance indicators will depend on the nature of your business and what your goals are for that month or quarter.

Traditionally, you would have a spreadsheet or system where you track the important, key performance indicators in your business. This is something that needs to be updated on a daily or weekly basis.

Analytics data collected automatically through your website can provide valuable insights.

When integrated with an existing Customer Relationship Management (CRM) system, computing power can help analyse all these information for you to make sound business decisions on the fly.

IN SUMMARY

Measuring the ROI for an ecommerce website is fairly straightforward, but measuring ROI for non-ecommerce websites doesn't have to be a mystery.

The key is to carefully consider the different ways your website contributes to your business and then quantify that contribution.

Remember - it is only realistic to expect improvement in something when it is regularly measured and monitored.

MEASURE REGULARLY

MONITOR REGULARLY

"There is no such thing as expensive in business, only investment. And what we should do is to measure the return on investment."

Now that you can measure the ROI of your new website, let us help you achieve it.

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