

Inside Edge

Website Conversion: What's in it for You?

In this month's edition of Inside Edge, we take a look at website conversion and how your business can benefit from setting measurable goals and objectives.

After you read this month's edition, contact WSI to find out how you can put this valuable information to work for your business.

What is Website Conversion?

You keep hearing WSI reinforce the need for businesses to have successful website conversion, conversion ratios and ROI measurement strategies. But what does this really mean and what's in it for you? Well, quite simply, website conversion is having visitors come to your website and encouraging them to take an action such as making a purchase online or signing up for your online newsletter. By doing so, they have converted into a measurable online relationship with you.

Now, in order to calculate your conversion ratio, just divide the number of "converts" by the total number of visitors. To calculate your ROI take your total sales revenue derived from your "converts" and subtract the total cost of your campaign. Now before you run off and start calculating your conversion ratios you need to ask yourself one very important question: What "conversion" action(s) should visitors to your website take which will meet your business goals?

Important Definitions

Conversion = A visitor that completes an action you want them to take.

Conversion Ratio = $\text{Converts} / \text{Total Visitors}$ as a percentage

ROI = $\text{Total Revenue from Converts} - \text{Cost of the campaign}$

Setting Measurable Goals

Before any conversion tracking can take place, your website goals and measurable objectives need to be established. These will greatly assist you in measuring your website's future success or failure. Your **goal** is what you want your visitors to do in terms of an action, while your **objective** is how you define your success or failure.

The Internet has made measuring your online marketing results extraordinarily easy, compared to traditional offline marketing tactics. Your website's goal will likely fall within one of the following four categories:

1. **Lead Generation** – your goal is to gather potential customers' contact information through your website. These are items such as names, email addresses and other pertinent information from people who are interested in your products or services in order for you to cultivate a relationship with them.
2. **Sales** – your goal is to generate sales via your website (i.e. e-commerce). So here you are looking for customers that pay with a credit card (or other online payment methods) for your products/services online.
3. **Cost Savings** – your goal here is to reduce costs, usually in the form of offline activities which you can automate online; such as e-learning or automated data backup of your computer files.
4. **Customer Service** – your goal here is to reduce costs and make it easier to service customers – this could entail items such as online forms, self-serve options or enhanced FAQs (Frequently Asked Questions) features.

It's very common to have multiple goals for your website. However, bear in mind that the primary message you want to communicate online may be different than your secondary messages. For example, the primary message on an e-commerce website may be for customers to make more purchases online but the secondary message could be about the brand (as communicated through your logo, content and creative design). The two goals here would be to achieve more sales and enhance brand loyalty.

What is a Measurable Objective?

So now that you've established your goals you need to define a measurable objective. What is a measurable objective? Quite simply, a measurable objective is a number. It's a figure defining an achieved goal. For example, a measurable lead generation goal is to generate 250 new prospects per year. While a sales goal could be 50 online sales per month.

It is important to note that there is much more to setting a realistic objective which includes examining trends over time. Your WSI Internet Consultant can assist you in setting realistic and measurable objectives; but in the meantime, here are some quick formulas which can help you in measuring your objectives.

Conversion Rate =

Total Conversions / Total Visitors (as a percentage)

Cost Per Visitor =

Total Website Spend / Total Visitors (as a dollar amount)

Cost Per Conversion =

Total Website Spend / Total Conversions (as a dollar amount)

Objective =

Total Conversions required to break even or turn a profit

ROI =

Total Revenue from Converts – Cost of the Campaign

Simply put, you want to reduce your costs per visitor and cost per conversion, by increasing your conversion rates and ROI.

"What is it you really want your visitor to do when they come to your website?"

Let's look at the following scenario:

Let's assume you sell hot tubs online and spend \$1000 per month on Internet marketing (i.e. PPC, development costs, etc.) and attract 2000 visitors per month and receive 10 sales per month. Your metrics would look something like this:

Cost of Campaign = \$1000 in Month 1
Average Order Value (AOV) = \$5000
Conversion Rate = $10/2000 = 0.5\%$
Cost Per Visitor = $\$1000/2000 = \0.50
Cost Per Conversion = $\$1000/10 = \100
Objective = Break even number is \$1000 in Month 1

If your campaign generated \$50,000 in sales
your ROI is \$49,000

Once you identify your conversion figures it makes it easier to focus on your business objectives – by taking action to set goals and measurable objectives you are one step closer to achieving online success.

We've only just begun to scratch the surface of website conversion. To learn more, speak with WSI about the power of conversion tracking and the insights it will provide you on how visitors interact with your website.