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Web Site Strategy – Part 2

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This month's article continues the topic of Web Site Strategy from last month's WC Journal (http://www.weidmanconsulting.com/strategy_part1.html). That article discussed two major goals for any Web site: **attracting visitors** to the site (through Internet marketing), and **converting them** (convincing visitors to take the action(s) promoted by the site). This article will provide an outline of the process steps necessary to develop a Web site strategy for a new or updated site.



Why Do You Need a Web Strategy?

In general, things that are planned well are more likely to be successful, and your Web site is no different. Consider that you're making an investment when building or updating your site. The "average" small business spends around \$10,000 on their first site, and that amount again in maintenance over the one to two years following. You would think that the "average" small business owner would want to know what the return would be on any \$20,000 investment. But for Web site projects, the strategy and analysis tasks are often skipped over, with no justification developed for the investment. Simply put, you need a strategy to increase the odds of making money on your Web site investment.

We will define the process by looking at a set of five questions:

- 1) What are you trying to accomplish? (What are the goals?)
- 2) How will you get traffic?
- 3) How will you convert visitors?
- 4) What are the expected business results?
- 5) What metrics will you use to measure the results?

(1) Setting Goals

Web site goals should be measurable and consistent with your overall business goals. Here are some examples:

- Increase the number of unique visitors to the site by 25%
- Increase Web sales by 10%
- Reduce customer service calls by 5%
- Achieve a dollars-per-order average 10% higher than in-store sales
- Increase newsletter subscriptions by 8%
- Increase Request for Quote (RFQ) inquiries by 9%

There are also goals that aren't so easily measured. "Improving brand awareness" is such a goal, and it is okay to include less tangible goals in the set. When we discuss the business analysis later in this article, we will take into consideration that these difficult-to-measure goals can be factored into the results. Also, keep in mind that you may be able to identify metrics that indicate whether or not some of these goals are being met. For example, you might look at the number and types of unsolicited inbound link requests made to your site as an indication of popularity of the site, and therefore your brand.

As part of the goal-setting process, you should look at your company's business plans and strategies (sales, marketing, etc.). If your company's goals are to increase sales and reduce costs by certain percentages, then you should look carefully at how your site can play a role in making that happen. Even if your company's products can't be sold directly on your Web site, don't dismiss how effective the site can be at facilitating sales, and indirectly affecting your revenue numbers.

(2) Getting Traffic

Last month's article (http://www.weidmanconsulting.com/strategy_part1.html) identified several ways to drive traffic to your site. Part of your Web strategy should include an analysis of what methods of driving traffic will be implemented. Developing traffic estimates based on those decisions may require a bit of work, but it's necessary to complete the initial business analysis.

For estimating search engine traffic, Overture's search term suggestion tool (<http://inventory.overture.com/d/searchinventory/suggestion/>) is a good place to start. Enter a search term, and the tool will show you related search phrases and the number of searches for each during the previous month. Overture's numbers do not represent *all* Web searches, just those on its own engine and those of its partners (Yahoo!, AltaVista, Lycos, InfoSpace, and MSN are the major ones). The big player you don't get with Overture's numbers is Google. But consider the recent statistics (from StatMarket®) for global usage share for the top three search engines,

Yahoo!	36.35%
Google	31.87%
MSN	12.73%

Overture's numbers track approximately half of all searches (actually more when you take into account Overture's partners below the top three), so you might proportionally uplift their search count in order to project a total per-month number. Try to be conservative in your analysis, so don't double it. Between a +25% and +50% uplift would be reasonable. This calculation needs to take into account all the keyword variations that apply to your site.

If your Internet marketing plans include link strategies, banner ads, and affiliate programs, you should be able to get some idea of the number of impressions that your link or ad will get from your advertising partners. These numbers will feed the calculations in the Business Analysis step.

(3) Conversion

Conversion is the most fun and creative part of the process. During this step you want to determine what site features will keep visitors on your site longer, encourage them to provide you with information about themselves (like their e-mail address), and eventually "buy." Start by seeking input from current, former, and prospective customers with whom you have a good relationship. Call them on the phone, or survey them if you have access to a large number. Ask them what features they would like to see on your site, what they like, and what they don't like about your current site if you have one. You may very well be surprised by the input you get.

Although you've probably done it more than once before, visit the sites of your competitors. Also try some searches on one or more search engines for your products and services. Sometimes the competitors who appear in the search results are different than the ones you might typically think of. You want to emulate the features that you like (without blatantly ripping them off, of course). This analysis can extend beyond competitive sites, of course. Thousands of sites have been influenced by the capabilities of sites from companies like Amazon.com and FedEx.

Past asking your (current, former, and future) customers what they want and examining competitive and other sites for ideas, the rest of the process of identifying Web site features is a creative process. Make use of brainstorming techniques, and get input from as many interested parties as possible. What you're looking to produce from this activity is a list of high-level features for your site. These will feed both the conversion portion of the business analysis and the establishment of metrics.

(4) Business Analysis

The business analysis begins with the development of a site traffic matrix leveraging the traffic data gathered in Step 2 (Table 1).

Traffic Source	Population	Impression Rate	Impressions	C-T-R	Visits per month
search engines	22,000	18.0%	3960	25.0%	990
targeted e-mail	5,000	50.0%	2500	4.0%	100
affiliate program			3,000,000	0.03%	900

Visits per month: 1990

Table 1: Traffic Estimates

Notes:

Population is the total number of Web users who have the *potential* to see your link. In the case of search engines, it is all the searches that are relevant to your site. For targeted e-mail, it's the number of e-mails that you send.

Impression Rate represents the percentage of the Population who actually do see a link to your site. For search engines, this takes into account the fact that your site will not appear in the results for all searches related to your products and services (search engine optimization can help improve this rate). It also considers the fact that if your page is in the search results, but not in the top 10 listings, your link is much less likely to be seen. For targeted e-mail, it represents the number of recipients who actually open the e-mail. This is highly dependent on the quality of your list and the effectiveness of the Subject line.

C-T-R is the click-through rate, or how many viewers will actually follow the link to your site. In the example, it is the highest for search engines because these people are actively looking for products, services, or information related to the keywords and phrases they used.

Once you have attracted visitors to the site, the site's ability to drive conversions takes over. A conversion matrix estimates how many of the visitors will take the key actions you have planned for the site (Table 2). Look at the list of high-level features developed in the previous step and determine which can be tied to measurable actions.

To complete the business analysis, you need to estimate the effect that each of the high-level features in Table 2 will have on your bottom line. This calculation will be different for each of the conversion types.

The "product catalog" line item in the example translates directly to product sales. By using an *average gross profit* per sale figure, the bottom line contribution can be calculated. Depending on the nature of your business, it may also be appropriate to look at the average gross profit over multiple sales if the customers you acquire are likely to be repeat customers. Both the frequency of purchase and the likelihood of being a repeat customer should be factored in. Some consideration should be given to the net present value (NPV) of any future earnings.

Visits per month (not customer service related):				1990		
High-level Feature						
newsletter	pct. View	views	pct. Subscription	subscriptions per month		
	20%	398	3%	12		
product catalog	pct. View	views	pct. Add to cart	Add to cart	pct. Checkout	Sales per month
	80%	1592	2%	32	25%	8
customer service	FAQ visits	Pct. calls avoided	Calls avoided per month			
	500	5%	25			

Table 2: Conversions

Notes:

Pct. View is the percentage of site visitors who will view the specified page.

The customer service line item is a little harder to calculate a direct benefit for. A long-term benefit could be estimated based on the likelihood that eventually you would need fewer customer support representatives or that the resources could be re-assigned to either avoid expenditures or generate additional revenue in another part of the company.

The newsletter subscriptions are harder yet to trace directly to the bottom line. Assuming that the purpose of the newsletter is to help establish repeated interactions with a prospect or customer, the financial benefits to be gained are difficult to predict and they may not occur until well into the future. Some incremental gain in prospects and sales could be estimated due to “improved awareness and communication,” and placed several months or more into the future. (Again, this is highly dependent on your business, products, and services.)

Once all of the benefits are estimated, the associated costs must be factored in. These costs would include banner advertising, search engine submission, pay-per-click, and affiliate fees, both one-time and recurring. The final cost input needed to determine the return on investment (ROI) will be the development and ongoing maintenance fees to build or update the site. When it comes time to select a vendor, you will be well prepared with an established set of goals and an initial feature list. You will also have a business model that the proposed costs from each vendor can be plugged into, enabling you to make a much more informed decision.

(5) Metrics

Each of the previous steps should provide you with input for developing metrics for your site. For instance, each measurable goal that you identified in the first step can be tied to one or more measurements. Metrics can be Web site-driven, or “off-site” (such as the number of support phone calls). Incoming traffic volumes and the key elements in your conversion matrix will also naturally point to performance metrics that should be monitored.

The data from your current Web site, if you have one, is also important input. You’ll want to understand what kind of traffic it sees (in terms of unique visitors, not “hits”), referring sites (like search engines), most popular pages, and click patterns through the site. This information is in your Web logs, which track all of the interactions between your site and the outside world. Summarized log data should be available to you from your hosting provider either in printed form or online. This data will give you baseline measurements for key site activity.



There is still a final, and ongoing, step in the process that involves monitoring and maintenance of the results. Since what you have developed is a model, ongoing measurement and analysis of the site’s performance once the changes have been implemented is a must. Determine what is working and keep doing it. Get rid of the portions of the strategy that aren’t. Updates to the strategy should be tied to other quarterly or semi-annual reviews that your company normally conducts. By completing the steps outlined here, you can give your project a significantly improved likelihood of success.



We hope that you continue to find insight and value in the WC Journal, and we welcome your comments, which can be addressed to Will Weidman at will@weidmanconsulting.com.

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