



White Paper:
**How Important is a
Website?
Calculating ROI on Your Investment**

June 2010

Introduction

In today's world, the majority of businesses acknowledge the need for a website. Consumers frequently look to the Internet to research products and services and to make purchases. Everyone seems to have a website these days, but how do they know if it is effective? What can you do to ensure that your website is making the appropriate impression and that it is a valuable tool for your business?

Calculating the return on investment (ROI) may help you decide whether or not to invest money in a new or improved website for your company. In today's competitive market, a website is a necessity. Oftentimes a customer's first glimpse of your company is the website. Customers want to investigate your company and products before making contact. A good website can answer some of their questions and give them faith in your products and services. Neglecting your website may be costing your company customers and, therefore, money. Redesigning or creating a website is an investment with the potential for large returns. A professionally designed site makes a good first impression. A website is like having a sales person that works 24 hours a day, seven days a week. A website can be a great way to generate business but only if you know and listen to your audience.

How can you calculate the ROI on your website?

Return on Investment (ROI) is the amount of money received relative to the amount of money invested.

Measuring ROI for a website is often difficult because many companies do not directly sell their products online or they sell their products online as well as through other means (stores, catalogues, etc.). These factors make it difficult to determine how much a website contributed to the sale.

To determine the return on your website investment, you can look at a few factors. If you have recently redesigned your website, you can look to see if there has been increased traffic to your pages. Are more people visiting the site now than before the redesign? Are the people visiting your site staying longer than they were before? As the website traffic increases, are your sales and/or leads increasing? If you sell products on your site, you can look to see if there has been an increase in online purchases. If you have recently created a completely new site, you can also look at things such as cost avoidance. For example, have the number of calls to your help line decreased since the website went live? If you post items to your site such as white papers, reports and catalogues, have your printing costs decreased? For companies that don't sell online, you can track your leads. Ask your customers how they heard about you and why they

bought your product. This can be done in person or through a survey. Use the results to track where your leads are coming from and how many of them are converted into sales. If you find that the answers to these questions are not what you expected, then you may need to take a look at the overall design of your website as well as the message it displays.

What ruins ROI for a website?

A major mistake companies can make with their websites is designing them based on personal preference and not on customer need. The goal of a website is to effectively market and sell your products, not to showcase your personal design style. The design should help visitors reach their goal, not get in the way.

Another important factor that is often overlooked in website design is search engine optimization. There are many popular search engines available today such as Google, Yahoo! and Bing. The most common way for a user to find your website is by doing a keyword search on one of these search engines. You can maximize ROI for your site by making sure that your pages are returned at or near the top of the list. Analyze the types of products and/or services your company offers and create a list of keywords that customers might use. Then, use search engine optimization techniques to ensure that your site is returned when someone searches on those words or phrases. For example, when someone is looking for a new graphics card for their PC, they may do a Google search for “graphics card” and get about 63 million results. It is unlikely that they will visit all of these pages, but they will most likely visit the first four or five results to investigate their products. By creating accurate key words and making sure they are properly indexed with all the search engines, you can drive quite a bit of traffic to your website. One thing to consider when creating your website is to be wary of tools such as Flash or Cold Fusion. While these may be exciting and popular, they are typically not indexed properly (or at all) by search engines. This means your pages will not be returned when customers perform an online search.

Finally, beware of errors on your website such as broken links or missing pages. If a customer encounters errors in your site, they will be more likely to move on rather than try to navigate through these obstacles. Perform frequent checks of your site to ensure it is error-free. There are many excellent tools available that will automatically check your pages for errors and then provide you with a report.

What can I do to improve ROI?

Get to know your customers. Use a professional web designer who has experience in creating company websites. A web designer can help you to create an attractive site that is easy to navigate and assist in finding information. Customers give a higher value to good content rather than special effects. . Studies have shown that users who do a keyword search will spend an average of 12 seconds on any of the returned web pages (Weinreich, et al., 2008). This means you have a very short period of time in which to convince a potential customer to stay on your site. Writing for a website is different than writing for print. Use a simple writing style with short paragraphs. Group information into subheadings or bulleted lists and avoid anything that looks like an advertisement. Users have learned to ignore ads that get in the way of goal-driven navigation and will often close pop-up windows before they are fully rendered (Nielsen, 2007).

Analyze your web logs. With web log analysis software, you can obtain statistics on everything from what pages your customers are viewing most to the type of browser they are using (Figure 1). A website is an investment in your company and should have a calculable return. In reality, most companies don't carry out any web analytics for the purpose of calculating ROI. There are many inexpensive or free tools to analyze web logs. There are also companies that will perform the analysis and report back on their findings. Investing in one of these options will eventually pay for itself by increasing visitors and sales from your website.

Summary

Hits	
Total Hits	30,474
Visitor Hits	29,191
Spider Hits	1,283
Average Hits per Day	4,353
Average Hits per Visitor	8.16
Cached Requests	3,979
Failed Requests	233
Page Views	
Total Page Views	4,435
Average Page Views per Day	633
Average Page Views per Visitor	1.24
Visitors	
Total Visitors	3,576
Average Visitors per Day	510
Total Unique IPs	3,037
Bandwidth	
Total Bandwidth	567.48 MB
Visitor Bandwidth	548.81 MB
Spider Bandwidth	18.67 MB
Average Bandwidth per Day	81.07 MB
Average Bandwidth per Hit	19.07 KB
Average Bandwidth per Visitor	157.15 KB

Figure 1: Sample Web Log Report

Once you have a web log report, focus on a few key points. How many unique visitors does your website get per month and how long did they stay? What pages did they view? This information can help you design your website to attract more customers and encourage them to stay on your site long enough to make a purchase or request more information on a product or service. It is also important to look at the search terms customers used to find your website. Were they what you expected or are your customers searching for keywords you didn't anticipate? Be sure to update your pages to reflect the keywords used most often by your customers. This will increase traffic to your website via the search engines. Results from web logs can be used to provide your customers with a professional-looking website that is easy to use.

Use text that is easy to read and follow. Research has shown that visitors to a web page read an average of only about 28% of the words. That percentage drops as the number of words on the page increases (Nielsen, May 2008) (Figure 2). Most visitors simply scan the text in order to find the information they need. This fact makes it very important to have clear and concise information on your web pages. Keep the text to a

minimum and don't make your readers have to scroll down on the page. Maintain some white space on your pages to make the text easier to read and the pages not seem so busy. Internet users are highly goal-driven. They visit websites because they want to accomplish a task such as finding information on a particular subject or purchasing a product. Make sure that visitors to your website can find the information they need. If they can't find the answer to their question quickly they will assume that your products and/or services do not meet their needs and they will move on.

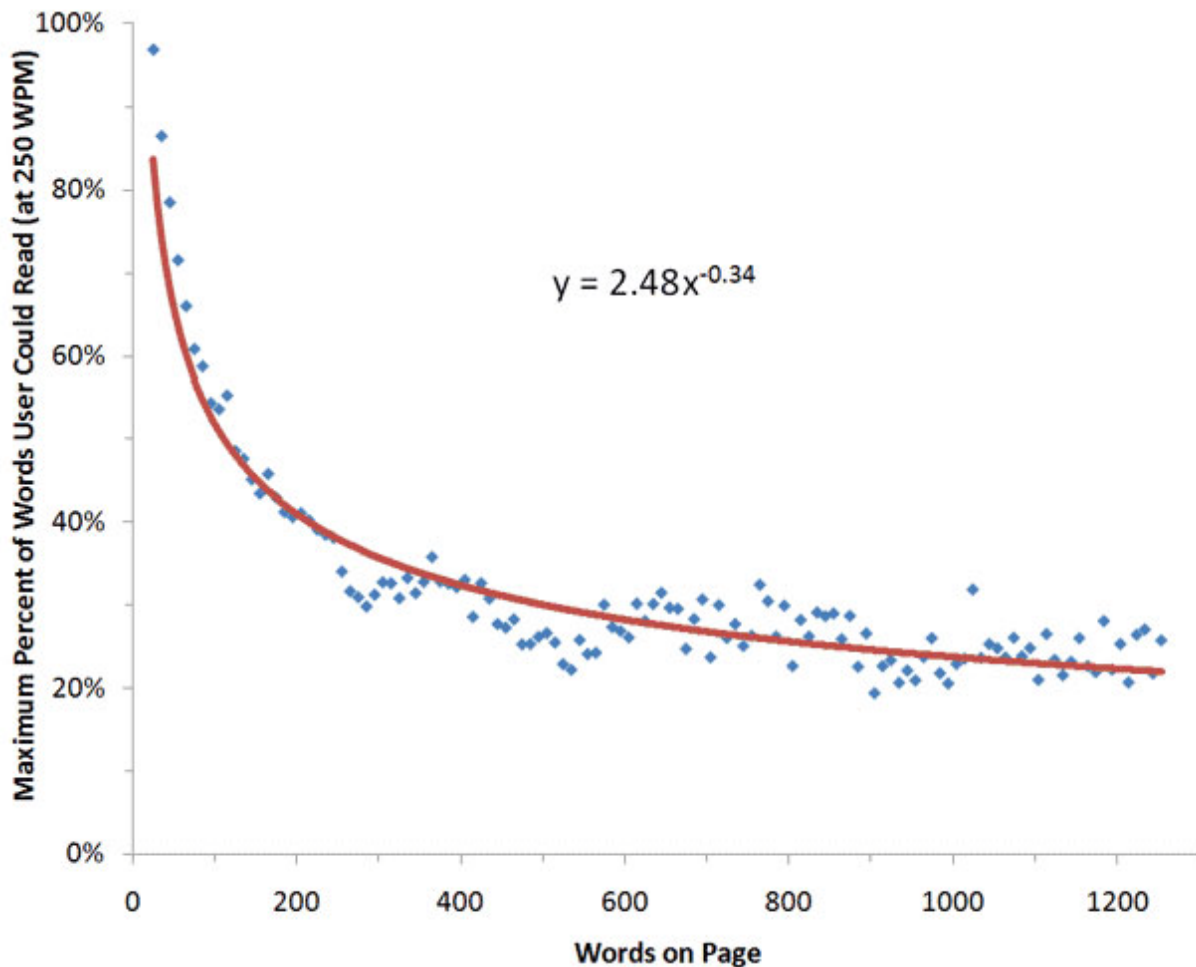


Figure 2: Maximum Amount of Text Users Could Read During an Average Visit to Pages with Different Word Counts

Keep your navigation simple and direct. Don't make client's click through multiple pages to get to the information they need. Try to limit your navigation buttons to a few key items. Don't provide a navigation button for every page on your site. Group the information into easy to follow headings. Provide a search function for your site that returns accurate results. Advanced search functions may be occasionally helpful, but a simple search box is best. It is also a good idea to provide a site map. If customers can't

find the information they need quickly they will move on to another site. Another useful tool is a customer feedback form. Design a short and simple online form asking your customers for feedback on the website. Use their comments to make improvements to your site. Finally, make sure your website is properly indexed in search engines. Use search engine optimization techniques to be sure that your site is returned near the top of the list when customers search for certain key words.

Business Benefits

In 2007, U.S. consumers spent almost \$89 billion in online purchases (U.S. Census Bureau, 2009). A website is a great way to increase business sales and leads. Websites broaden the market reach for your business and provide your customers 24/7 access to your products and/or services. For small- to medium-sized businesses, a website can level the playing field when competing with larger companies. A professionally designed site can project the image of a much larger company. A website design or redesign can be a small investment compared to the return. The average usability improvement after a website redesign is 83% (Nielsen, January 2008). Having a website tells your customers you are committed to your business and to competing with other companies.

A website also allows you to make connections with people. One of the most important aspects of developing your business is networking. Any good salesperson can tell you it's not what you know, it's who you know. A website can allow you to make contacts 24 hours a day and for a very limited cost.

Summary

By establishing objectives before investing in a new or redesigned website, you will be able to calculate the return on your investment. Designing your site based on customer needs will go a long way toward increasing traffic to your site which, in turn, will increase sales and/or leads. Whether the goal is to increase leads and/or sales or to decrease internal costs, a strong customer-focused website can bring highly measurable returns. A thoughtfully designed website is an invaluable tool and can provide your business with increased exposure, higher sales and a reduction in administration costs.

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