

conversionTM RESULTS

Making Money on the Web: Two Sides of the Equation

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There are essentially two side of the equation for creating an effective website. First, how much traffic do you drive to the site? And second, what happens when a visitor gets there?

An effective web marketing strategy addresses both of these issues. Here's a metaphor that will explain the situation that many companies find themselves in: imagine that you're trying to put out a fire, but you have two problems – the water pressure is just a trickle, and your hose leaks. Which do you fix?

On the web, most companies seem to 'turn up the water pressure', spending money to drive more traffic to their site with strategies such as pay-per-click advertising, e-newsletter sponsorships, and search engine optimization. What happens? The hose just leaks faster. Sure, these companies experience a slight increase in overall results (some water makes it out of the hose), but most of their efforts are wasted in 'leaks', and their costs are increased in greater measure.

A more effective approach for the web is to patch the holes in the hose, and then increase the water pressure. You'll substantially increase the amount of 'useful' water. That is to say, your site will produce dramatically more in the way of leads and sales.

Two Examples

Here's an example to illustrate: LeakyHose.com receives 100 site visitors per month, and converts just 2% of them into qualified leads (the B2B average, according to research). They decide to spend \$5,000 on a search engine optimization program, and \$1,000 per month on pay-per-click advertising (\$17,000 annual total). These strategies are fairly successful, increasing visitors by 5 times. This is how their numbers would look:

- 12 month cost: \$17,000
- Site visitors: 6,000
- Number of leads: 120

Let's assume that they 'close' 25% of their website leads, with an average sale amount of \$200. Their sales for the year (from web leads) would be just \$6,000 - not even close to their investment amount. If their average sale amount were \$1,000, they would make \$30,000 – a reasonable return on investment.

Let's contrast FixedHose.com that has an identical business, but decides to increase website conversion rate before implementing site promotion strategies. FixedHose spends \$15,000 on a new website that converts 15% of site traffic into leads. Assuming that all the other numbers are the same as LeakyHose.com, let's see their results

- 12 month cost: \$32,000 (\$15k for site design plus \$17k for site promotion)
- Site visitors: 6,000
- Number of leads: 900

If they close the same 25% of web leads as LeakyHose, with the same average sale amount of \$200, their sales for the year (from web leads) would be \$45,000, easily reaching their ROI point in the first year. (The second year would be even more favorable, because costs would be just \$12,000.)

If their average sale amount were \$1,000, they would make \$225,000 in their first year – a fairly impressive return on a \$32,000 investment.

Now I understand that that's an oversimplified example, not accounting for product costs, etc. But it's a powerful illustration of how essential it is to address both sides of the website equation – site promotion AND conversion rate.

Incidentally, if the company in the example above decided to do the site conversion project, but not the site promotion (they still only have 100 visitors per month) here's how the numbers look:

- 12 month cost: \$15,000 for site re-design
- Site visitors: 1,200
- Number of leads: 180
- Revenue at \$200: \$9,000
- Revenue at \$1,000: \$45,000

What's Next?

At this point you're probably asking yourself two questions. First, is it possible to increase conversion rate to 15%? And secondly, is it possible to get 5 times the leads using site promotion strategies? We have found that generally speaking the answers are yes, and yes! But, you will need a very deliberate approach to both – you're unlikely to create these sorts of numbers 'by accident'. It's also likely that you'll need to undertake a fairly major project; a few tweaks of your homepage won't do it.

Even then, this type of strategy won't work for every business. Here are a few 'symptoms' that indicate that this type of approach would be helpful (and a few quick band-aid ideas):

- **'Home page only'** – excessive use of the back button by your website visitors indicates a failure to engage their interest. Consider a strong 'positioning statement' explaining your unique value on your homepage, and reduce the overall number of links on that page.
- **'Click vs. brick'** – a low number of site visitors to a niche product/service provider, but a good number of (off-line) satisfied clients and customers can highlight the need for a more robust site promotion and lead capture strategy. Test some pay-for-performance advertising such as Google Adwords and Yahoo's Overture by putting a hundred buck or so into an account and just experimenting.
- **'No thanks, just browsing'** – high traffic but little or no conversion can indicate a site structure and strategy that does not facilitate lead capture. Consider 'steering' visitors sequentially through key points of your value proposition, and then making them a compelling offer – a reason to leave their contact information.
- **'Ha, just kidding'** – a high number of shopping cart abandons (visitors selecting items for purchase, but not completing the check-out process) can indicate some sort of sticker shock, or red flag in your purchase process. Ask some impartial associates for an honest opinion.

If you can relate to some of these ‘symptoms’, you might consider a more robust strategy to convert site visitors into ‘action-takers’. An effective strategy will likely be:

1. Highly pre-meditated – you won’t do this by accident.
2. Based on specific goals – as Covey says, you must “begin with the end in mind”.
3. Focused on your target audience – the sniper rifle is almost always better than the shotgun.
4. Complete in its approach – a more appealing graphic design won’t be enough. You’ll have to address issues such as site structure, messaging, calls to action, offers, and lead capture.

Mat Greenfield is the founder and CEO of Utah based Conversion Results, and has been in marketing since 1997. He is recognized as a website conversion expert by a number of industry organizations including Register.com and Constant Contact. He is a regular contributor to a number of print and e-magazines, and is a columnist for Practical e-Commerce Magazine.

Conversion Results is a results-based website consulting firm developing high-conversion websites for corporate clients. Project services typically bundle together web strategy planning, copy writing, project management, full graphic design and site creation, as well as measurement and testing from a team of design, technical, and marketing experts.

Typical clients have included software development and other technology companies, training and consulting firms, luxury and adventure travel providers, telecommunications firms, and executive recruitment companies.