

HOW TO CALCULATE ROI FOR YOUR WEBSITE?

Measuring Return on Investment (ROI) for a traditional e-commerce site -- a company that exists only on the Web -- is rather simple. Calculate the investment by asking, "How much does it cost to run the company?" and calculate the return by asking "How much did I sell?"

The difficulty in measuring ROI takes place when a company sells on the Web and through other channels. Customers may browse on the Web but buy retail. A Web site may contribute to an off-site sale -- the user looks at what's available, the price, customer reviews -- but buys elsewhere. Trying to determine how much the Web contributed to a purchase is a nebulous situation.

A company with strong on-site customer support offers good potential for ROI. In practice, customers prefer to find answers on their own rather than contact customer service, but most sites are designed so poorly that answers are difficult to find. While a Web site can't solve every problem, if you can minimize the number of support calls you're receiving, the customer is happy and you save money. And, a company that is always there for its customers generates repeat business.

Ways to track ROI:

- Track leads. Ask clients why they bought and how they heard of you, in person or through surveys. Track where leads come from as well as how many leads are converted to sales.
- Track advertising. Advertising on the Web is measured through click-through rates. However, a good rate does not always mean an increase in business. It's easy to get a high click-through rate if, for example, you offer a freebie. But keep in mind that those who take you up on such offers

are not necessarily people you want to, or will, do business with in the future.

A good way to measure ROI through advertising is to install cookies to determine which ads bring customers in and should get credited for conversion.

- Track Web traffic. Track Web traffic to determine the number of unique visitors coming to your site and how many of them turn into loyal, repeat users. Is the information on your site so good that users are getting to the product page? Determine how many users navigate through your site and actually read about your product, and you'll know if your site is working. Do an online survey of a few users once they get to the product page. Ask, "Did you find what you are looking for?" "Is the information we provide helpful?"

