



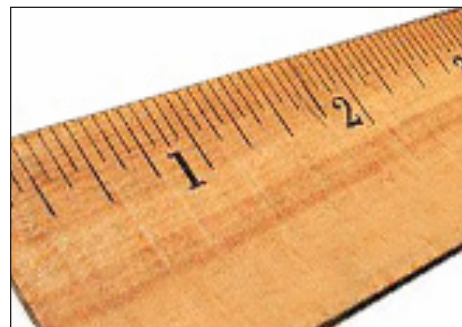
Building Web Success: Optimizing Online Conversions

Part Two: Conversion Rate Measurement

This is part two of a three-part series exploring necessary steps to optimize your site for online conversions.

In part one of this series, we discussed the importance of setting specific goals for every website and enabling proper tracking to measure and report on web traffic and goal conversions.

Continuing our discussions with Liam Delahunty of Online Sales, a UK-based company specializing in online conversion optimization, we will now look at how to calculate your site's conversion rate.



"Tagging" the Goal

Once you have a goal in mind and tracking in place, you will want to identify this goal in your analytics software and reports. You do this so that you can isolate and optimize the actions leading up to the goal.

This step is often referred to as "tagging" your goal, because some analytics programs use a special bit of code (the "tag") to identify and segregate this goal from the other aspects of the site.

In most cases, you'll identify an event that can ONLY happen when the goal is met, such as when a thank you page is displayed after a form is submitted or a specific link is clicked to open a specific page or file. Most analytics programs will allow you to create and track more than one goal.

Delahunty adds, "Some analytics packages also allow you to provide a monetary value for meeting a goal. In the case of an e-commerce site this will normally be measured accurately from the shopping cart, but if you are also getting "leads" from a form then you may like to input a monetary value based upon the average value of each contact. For instance, if 20 people use your contact form and on average one becomes a customer and the average lifetime value of a customer is \$100, then you would place a monetary value of \$5 for the goal of the completed form."

Measuring E-Commerce Value

If you give your goals a monetary amount, or better still, measure the accurate dollar value of the orders placed, then you are able to track the real value of each keyword - both from organic (free) search engine traffic and from pay per click (PPC) advertising. Over time, you will be able to use this data to benchmark each keyword's value to your company.

Delahunty states, "Knowing a keyword or keyphrase's baseline monetary value enables you to create more focused content and develop Search Engine Optimization (SEO) plans based on the power of the site's best performing keywords."

With the steady collection of web traffic data and the successful tagging and monetary assessment of site goal(s), it becomes possible to determine your site's conversion rate.

continued on next page



Calculating the Conversion Rate

Delahunty states that the equations commonly used to calculate a website's conversion rate are to take the total visits OR the site's unique visitors over a certain period and divide by the number of conversions in the same period.

The difference in the two equations is that one looks at TOTAL visits, while the other looks at UNIQUE VISITORS. If you had five unique visitors to the site that each visited the site six times, you would have 30 total visits. You can see that dividing by 30 or dividing by six will give you very different results, so which equation is the best to use? Delahunty offers some insight.

"Google Analytics calculates conversions using visits rather than unique visitors, so we encourage our clients to do the same," says Delahunty. "To be honest, it doesn't matter which calculation you use as long as you are consistent with your ongoing reporting. Once you choose a formula, stick with it. The purpose of calculating this figure is to have a means to track and record conversion rate variance over time."

Why Conversion Rate Matters

The conversion rate is one of the measures of a site's functionality, usability and profitability.

There is no standard for a "good" conversion rate. It differs for each market and on each site. Delahunty clarifies, "Some businesses providing time-sensitive solutions, such as flower delivery, may have a conversion rate of 25 percent or more, while other sites, like those selling products with a much higher price point and a longer research period, may find conversion rates of 2 or 3 percent more realistic."

When you understand your conversion rate and have a baseline of your site's normal performance, you can begin to optimize your efforts to increase your returns. The ability to test different versions of your site content is dependent on understanding the normal performance of the site's conversion rate.

Example:

Site Goal: To encourage users to subscribe to a monthly newsletter

Site Goal Conversion: Successful Subscription

Methods to encourage Subscriptions: Linked Banner on home page and on About Us page.

Unique Method to Track Conversion: tagging a special thank you page that only occurs once the subscription form is properly submitted

Site Goal Conversion benchmark: Current Subscriptions = 0

Site Goal Conversion Projection: Current Subscriptions = 100

Time to achieve this result: 3 months

continued on next page



With this scenario, your tracking would be setup to log the number of successful subscriptions from the linked banners on the home page and the about us page. You can monitor this closely and see which performs better. In time, you can determine which changes would need to be made based on the reporting analysis.

In the final part of this three-part series, Delahunty will offer some tips on optimizing the conversion rate of your business' website.

Next week, we will release the final chapter of this series Part Three: Conversion Rate Optimization

And you are encouraged the first chapter of this series:Part One: Goals and Tracking

