3

Building a Metrics-Driven Practice

Static online brochures used as company websites lose leads and sales to websites that make and maintain direct connections to customers. A company's website is the key connection between a business and its customers, driving bottom-line results.

The challenges of today's economy accelerate this trend. Savvy business leaders demand a new level of accountability. Chief marketing officers (CMOs) and marketing managers are rapidly shifting advertising spend online because it is more trackable (and because people are moving away from traditional media in favor of online media).

They're also investing in tools such as Google Analytics, social media, and customer relationship management (CRM) systems (such as Salesforce) to improve accountability and to make better connections with customers.

If the goal is to use your website to connect to customers, how do you do it? Your business decision-making processes need to be better informed about what's happening on your website. Website metrics hold the key to business success, teaching you which online marketing tactics work better than others to generate new leads and convert them into customers. These metrics, and how you can start to track them, are the focus of this chapter.

The New Era of Website Metrics

Web analytics offers a dizzying set of possible metrics to review and master. Web dashboards serve up values and trends for visits, page views, pages/visit, bounce rates, time on site, the proportion of new or returning visitors, and information about the source of visitors. (Do they come from search engines? Paid search advertising? Banner advertising? Referrals from other websites?)

These same tools track average click-to-conversion time, average number of clicks to conversion, average impressions to conversion, visitor loyalty, browser capabilities, new versus returning visitors, and so on. They count and summarize information about what your visitors do on your website, including where they start on your website, where they leave it, and where they spend the most time.

In addition, companies with e-commerce websites may review browse-to-buy ratios, revenue, revenue-to-expense ratios, average order value, visits, or days to purchase, and the performance of particular categories of products.

These measures might seem to contradict each other sometimes. For example, a successful website might have a high bounce rate. By focusing on words that result in sales, website traffic may drop while sales increase, strengthening your return on investment (ROI).

It's easy to drown in all this data, to suffer from "analysis paralysis" and hesitate to act. So, it's critical to drill down to the fundamental goals of the website and select a handful of the right metrics to monitor. These are your Key Performance Indicators (KPIs).

Which Metrics Matter Most?

For lead-generation websites, such as the PupMed example we use throughout this book, the critical measurement is new leads, whether it is email, contact form submissions, or phone calls.

Yet a huge number of leads that your sales team must wade through is not necessarily a good thing if many are unqualified. So *qualified leads* is a better metric, and the connection must be made from leads to sales.

For e-commerce websites, such as the TropiCo example elsewhere in this book, the critical measurement is of course revenue, or more accurately put, *profitability*.

Influencing Leads and Revenue

Because website outcomes such as leads and sales result from several factors, however, monitoring the influence of a few more things on leads and sales can unlock the means to increasing them.

Start with old-fashioned sales techniques. What can turn a website visitor into a prospect or lead? What turns your prospect into a customer? Some transactions depend on price, others on quality or trust, most on a combination of these factors.

Think of your business in terms of "data hinges." What are those data points that open the door and turn a random visitor into a potential customer? Is it a phone call to your sales staff or an online inquiry? Which search engine keywords result in more customers than others? Dig deep to get the answers. If you don't know, rework your website to tell you!

For example, try to evaluate which type of prospect results more often in a sale: a website visitor or a caller on the phone. Typically, a website will have contact form submissions and phone calls scattered equally throughout the website. But perhaps in reality, phone calls convert far better into sales.

Why might that be? Maybe there are unique product options that can be better explained and highlighted on the phone, resulting in an immediate sale. If that's the case, then downplay the contact form and highlight the phone number throughout the website, instead.

The Conversion Funnel

You can think of turning a random website visitor into a potential customer as a conversion process, using a funnel metaphor.

A website visitor who came from a paid search advertisement or organic search typically ends on a custom landing page where a specific call to action is defined.

The prospect either

- Takes the call to action (calls your company or completes an online form), or
- Uses the navigation on the landing page to move elsewhere on your website first, to learn more

Figure 3.1 shows the prospect conversion funnel for both offline (left) and online (right) methods. The left side shows the traditional (pre-Internet) sales process, which is pushing information at the prospect and involves regular communications such as ads, direct mail, phone calls, and so on to get them to the final purchasing decision.

By contrast, the right side of Figure 3.1 shows how a website affects people at different stages of the buying process, each is probably using different search terms at different stages. As Internet marketers, it's our job to make sure that the website is visible on keywords used at *all* stages of the buying process and that we are sending prospects to content that's appropriate for their current stage in the process.

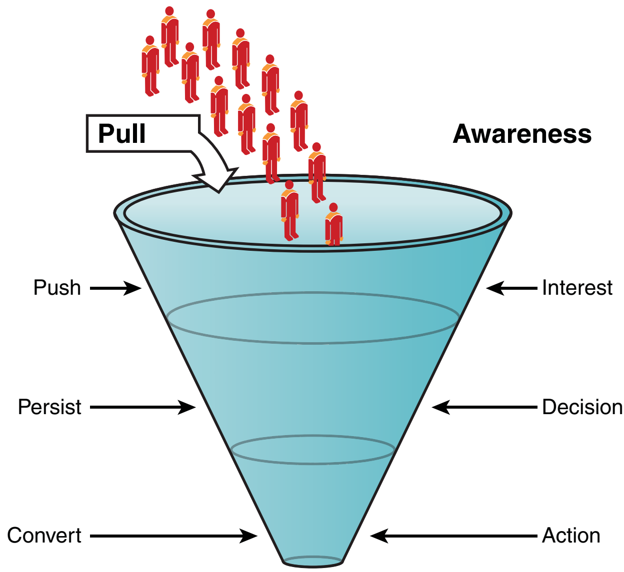

Figure 3.1 *How awareness and website content work together to funnel and convert leads.*

Tip

Of course, the content of the website itself is a consideration. If your copy isn't converting prospects into customers, isn't prompting them with the right call to action, or is difficult to use, all the website visitor data in the world won't help you. These issues are addressed in Part II, "Building the Engine."

Lead-Generation Businesses

Many (non e-commerce) businesses need to generate leads, but lead generation is only the beginning of the sales process. The next step is typically for the leads to be collected, prioritized, and then handled online or offline (via telephone) by a sales professional.

The sales team identifies the prospect's needs from the data provided by the website visitor and discusses the company product or service line, crafting the conversation just for that prospect.

E-Commerce Businesses

If you're selling products directly online, the online contact form or live chat most likely is the best way for visitors to pose a question (get an answer) and become a customer.

Don't underestimate the use of the phone for an e-commerce website, though. Many businesses with corporate clients still sell heavily using a telephone-based sales team. This is because either their website can't handle purchase orders or corporate credit card limits can't accommodate high-end purchases.

Ultimately, you are the best judge of how your business works with its customers. But you can still identify and test which contact methods result in more new customers over other methods.

Choosing a Contact Method

For both lead generation and e-commerce businesses, the type of contact method defined in the calls to action on your website has a great impact on tracking marketing metrics.

Using Mailto Links

Many lead-generation websites rely on a link to an email as a call to action, something like "Have questions or want to learn more? Contact SalesTeam@Example.com for more details."

Tracking links to emails (called *mailto* links because that is the Hypertext Markup Language [HTML] code for this type of link) is imperfect. Mailto links launch a separate program (such as Microsoft Outlook) from where the email is sent (or not). The only way to track this using your website analytics tool is to track how often the link is clicked, but a better measure is how often the email is *sent*. This second metric is unavailable from a mailto link. In addition, although your sales team can count the number of email messages they receive, critical information that would be available within web analytics about the website visit would not be associated with the email.

Although there are other email-only options to tracking this, such as including specific or dynamic email addresses for your particular level of desired granularity, these methods are generally weaker than using an online contact form.

Another such email option is to create a specific paid search-only email address to see how many visitors arrive at each landing page (and how many click the link or send an email to that address). This does require additional work to input the total number of emails into your CRM system. In addition, this form of tracking is weaker than using a contact form as other important associated analytics data is not included.

Using an Online Contact Form

A better option is to use an online contact form as a call to action on your website. Online contact forms with thank you pages are more trackable than mailto links. Your website analytics tool can be set up to watch and count the number of thank you pages that are shown and connect this information with how visitors who viewed contact pages came to your website.

However, sometimes online contact forms are not configured with a separate thank you page, having tracking problems similar to mailto links. For example, you can count how often the form was viewed, and maybe even count how often the Submit button was clicked, but ideally you send folks to a separate thank you form to accurately count how many users made it to the end of the funnel.

In addition, the thank you page is an opportunity to continue the conversation immediately with your prospects, set their expectations in terms of the swiftness and nature of your sales teams' response, and offer custom information based on their interest in a whitepaper, a request for quote, or whatever tempted them to share their contact information in the first place!

Whether a contact form is an appropriate first contact depends on your audience and their preferences. To many, contact forms feel cold and impersonal (not to mention one sided). Yet contact forms are useful for people who are surfing for personal items on company time. Given the web analytics patterns for business-to-consumer (B2C) websites, this seems to be a typical occurrence!

Contact forms are also useful for shy people who would prefer an impersonal start to the inquiry and those who are surfing outside of business hours and have difficulty dictating contact information via a voicemail, which includes those for whom your language is a second language or anyone with a name or email address that is difficult to spell.

On the plus side, your contact form is open 24 hours a day, 7 days a week. Your sales staff probably does like to sleep, occasionally.

Using Telephone Contact

Many other people would like to reach out via phone, to get a few questions answered and know more before sharing their email address or phone number. So, it's also important to offer a telephone contact option, and critical to track it.

Phone tracking can be done at several levels of granularity. See the section "Integrating Web KPIs into Business Decision Making," later in this chapter.

Using Live Chat

Another popular option is to offer live chat. This has been shown to be popular with folks who need an answer to a question about your product or service but cannot make a phone call. (Again, think of those people surfing for personal items while at work.)

Live chat can be expensive, but can provide a more real-time interactive way to engage visitors before they look elsewhere to solve their problem.

Consider the Contact Method Carefully

You need to think carefully about what, how, and when you want a potential prospect to respond to your website copy, and how that potential prospect might want to contact you.

It very well may *not* be the current way that the call to action is set up on your website.

What to Measure

You might want to review your website performance as a whole, looking at total traffic and total leads driven by the entire website. Yet we find it more informative to break things out by Internet marketing channel because the patterns tend to vary based on the different channels.

We usually analyze these Internet marketing channels (sometimes referred to as a medium):

- Natural search (also known as organic search). Improvements come through concerted search engine optimization (SEO) activities.
- Paid search (or pay-per-click [PPC]) marketing.
- Referring websites (can include web-based email programs). These incoming inlinks may come from social websites (such as Facebook, LinkedIn, or Twitter), conventional link building, or from online PR activities. You can read about some related metrics in the "Secondary SEO Metrics" section, later in this chapter.
- Direct visitors (who arrive via a bookmark or link in an email). These may come from offline marketing, typing in a link seen on a billboard, or may be someone who already knows you or works for you. We do not spend much time on this channel.
- Custom-defined channels (can include email, banner ads).

Whichever core type of business you have, both lead-generation and e-commerce companies need to optimize search engine keywords using both natural and paid search advertising keyphrases.

You're optimizing not just to drive more traffic to your website, but to identify *which keywords convert more visitors into customers* and which keywords are the most cost-effective at doing so. That is your ultimate goal, the bottom line in SEO and paid search metrics.

To measure that, you need to put many elements in place:

- Start a program of keyword-rich content generation as part of your website maintenance plan.
- Build inlinks through a link building or link exchange program to improve SEO.
- Begin or continue a paid search advertising campaign.
- Build landing pages (discussed in detail in Chapter 6, "Putting It All Together and Selling Online").

After these elements are in place, you can watch as your plans unfold and your traffic and leads grow. Some answers will emerge quickly. For instance, paid search may have higher volumes and provide quicker feedback than SEO, which takes care and patience. However, the data you will get from your SEO initiatives is critically important.

In the end, you need to gather this data over time for it to have any impact on your future business decisions.

Don't be surprised if the seeds you sow today aren't harvested for 2 more years. (This is particularly true regarding SEO data you're gathering, less so for paid search.) But the fruits of this effort will be worth it if you can pinpoint exactly which search engine phrases generate more customers for different products or services and be able to quantify that precisely. Armed with this new information, you can make sound business decisions regarding paid online advertising, among other things.

SEO Key Performance Indicators

Your SEO key performance indicators (KPIs) should describe the expected progress of SEO at the level of traffic and leads, as well as some of the intermediate stages, such as changes in web rank and increase in keyphrase visibility.

The categories of activity that you should track and review are

- Changes in on-site outcomes
- Changes in keyphrase rank
- Secondary metrics, based on your business situation

In addition, you need to conduct a competitive comparison against known online competition.

On-Site Metrics

The primary on-site activities that matter are visits and leads or sales, but to analyze this you look at these specific metrics:

- **Organic visits/month:** Total number of organic visits per month.
- **Nonbranded organic visits/month:** Number of organic visits that do not include a brand name.
- **Organic conversions/month:** Conversions and conversion rates (the proportions of raw counts) from each type of organic visit per month. You should expect your branded terms to have higher conversion rates, because potential customers close to a buying decision tend to use them.
- **Revenue from organic conversions:** If you are running an e-commerce business.
- **Number of keyphrases:** Total organic keyphrases for which the website is found.
- **Category coverage:** Percentage of targeted keyphrases that are in the top 20 search results.

For each of these metrics, higher counts and higher rates are good and show progress in your SEO visibility.

Off-Site Metrics: Keyphrase Rank

You also need to measure changes in things off your website, such as your rank in search engines over time. Be careful about Googling yourself constantly and writing down your rank. This does not give you accurate information.

Google shows organic results based on your geographic location and your past search and clickthrough history, so the results you see are not "universal" and might not even be common.

Instead, you should invest in a service such as Advanced Web Ranking, Yield Software, SEO Clarity, or SEM Rush to monitor the rankings for you. You'll need to start monitoring the changes in keyphrase rank over time.

One way is to create an extensive table that shows the detailed drilldown of the competitive comparison, using the keyphrases of interest. Show the change in rank for each keyphrase, by competitor as well as the degree of change.

For more on the SEO word market, see the section "Evaluate Your Keyphrases in the Context of the Entire Word Market" in Chapter 5, "The Audience Is Listening (What Will You Say?)."

Secondary SEO Metrics

There are a number of other potential metrics, including the following:

- Increase in count of entrance pages
- Number of inlinks you have versus your competitors
- Number of inlinks built
- Visits and conversions from referring websites
- Visits and conversions from elements such as images, videos, news, and local searches
- Social mentions or online reviews

Some of these secondary metrics are appropriate for certain business situations, but not for others. When you should include each metric is further explained in Table 3.1.

Table 3.1 Applications for Secondary SEO KPI Metrics

Secondary Metric	Useful When You Need To
Increase in entrance pages count	Evaluate whether changes your technical team has made to expose content previously hidden are working. Have search engine crawlers surfaced more of your website to searchers? Evaluate whether new content you are creating is attracting new visitors to the website. Note: Google Analytics uses the term *landing pages* in its user interface. We use the term entrance pages here, to distinguish it from paid search landing pages.
Number of inlinks	Evaluate SEO ranking. Inlinks are a leading indicator for other, more important SEO metrics such as your ranking. Counting links and assessing their relative quality is a part of planning a link-building program. Yahoo Site Explorer provides inlink counts for free, while SEO Spyglass provides a counting and quality-evaluation service for a license fee.

Secondary Metric	Useful When You Need To
Number of inlinks built	Assess the velocity and impact of your link-building program or an online PR initiative.
Visits and conversions from referring websites	Evaluate the investment of any "pay to play" websites where you have purchased listings. Evaluate the impact on your link-building program. Assess the direct influence of thought leaders who mention you. Note: Referring websites have indirect effects on your SEO rank (see the section "Link Building Fundamentals" in Chapter 7, "Making Websites That Work"), so it is more than just visits and conversions that are important to consider for these activities.
Visits and conversions coming from images, videos, news, shopping results, and/or local searches	Evaluate the impact of programs to increase your visibility through images, videos, news releases, product feeds, and local information, respectively.
Social mentions or reviews (measuring the number and tone of comments)	Evaluate the perception of your brand and which online conversations you need to join. Social media websites are typically only indirectly useful for SEO, because many of the links to your website from social websites are "no follow" links. Yet, these conversations influence your current and prospective customers and cannot be ignored.

Review these secondary SEO KPI metrics as possible ones to track.

Learn more about how to improve your website's performance on these metrics in the "Get Out of Your Own Way: Make Sure Your Content Is Findable" and "Advanced Visibility Strategies: Going Social" sections in Chapter 8, "It's All About Visibility."

Paid Search KPIs

Your paid search KPI should monitor your paid search performance at the level of traffic, costs, and leads or sales.

The categories of activity that you should track and review are

- Changes in traffic and on-site outcomes
- Secondary metrics, based on your business situation

Measuring Paid Search Traffic and On-Site Outcomes

The critical measures are traffic, leads or sales, and costs. These are interrelated and shouldn't be considered in isolation.

You could drive lots of cheap traffic on words irrelevant to your business and gain no sales. Or, you could invest in a handful of keyphrases that do not drive high traffic but push users through the conversion funnel.

To analyze this, you look at these specific metrics:

- **Paid search (or PPC) visits/month:** Total number of paid search visitors per month.
- **Nonbranded paid search visits/month:** Number of paid search visits that do not include a brand name.
- **Paid search conversions/month:** Conversions and conversion rates (the proportions of raw counts) from each type of paid search visit per month. You should expect your branded terms to have higher conversion rates, because potential customers close to a buying decision tend to use them.
- **Cost per lead or cost per sale:** Both overall and by keyphrase, splitting out branded and nonbranded phrases. This metric is the cost per click times the average conversion rate of a click. So, cost per lead is more informative about the entire process than cost per click.
- **Average rank of your keyphrases:** This shows where your ads show within the sponsored listings on the search engine results page.
- **Quality score:** Provided for each keyword by Google AdWords, it is a measure that includes weighting for your clickthrough rates and the match of your landing page to the search term, among other things.
- **Revenue:** Value of online orders from paid search.
- **Revenue-to-expense ratio:** The ratio of revenue to expenses (paid search spend and any management or infrastructure costs related to paid search).

Those accustomed to reviewing paid search metrics may notice the absence of clickthrough rate (CTR). We do look at this, but its interpretation is more nuanced. Sometimes low is good if your ad copy qualifies visitors well, sometimes high is good if you want to maximize traffic. Because you do not pay for visitors who do not click, it is not a primary metric.

Because paid search visitors do cost you money for each click, higher is not necessarily better for visits (although higher is better for conversion counts and rates). The cost per lead or cost per sale should be as low as possible.

Secondary Paid Search Metrics

Depending on your business situation, you can review a number of other potential metrics, including the following:

- **Number of keyphrases** (The total paid search keyphrases for which the website is found)
- **Number of ad copy variations** (The number being tested)
- **Number of landing pages in use**
- **Conversion rate by landing page**

Table 3.2 Applications for Secondary Paid Search KPI Metrics

Secondary Metric	Useful When You Need To
Number of keyphrases (perhaps grouped for reporting to different business units)	Assess the coverage of your paid search ad buy. Larger is not necessarily better if omitted keyphrases produced low-quality leads or no leads at all.
Number of ad copy variations being tested	Quickly review a measure of whether your team is taking an exploratory, hypothesis-driven approach to your paid search program.
Number of landing pages in use	See a quick view of the diversity of pages you are using. Higher is not necessarily better, but testing landing pages is key to online success.
Conversion rate by landing page	Evaluate whether your landing pages are working to turn website visitors to leads or sales.

Review these secondary paid search KPI metrics as possible ones to track.

Learn more on how to optimize based on these primary and secondary metrics in the "Effective Paid Search Management" section in Chapter 8.

Use Business Analysis to Define Your KPI Benchmarks and Goals

The website KPIs mentioned earlier should be generally useful and are standard reports available within common web analytics and paid search management platforms. But, what do you use as a basis for comparison?

Do you report trends before and after a change in your web infrastructure? Do you focus week over week, month over month, year over year?

When you design your KPIs, you may want to consider the following:

- **Seasonality** in your business determines what values to use as benchmarks.
    - In a highly seasonal business, such education, real estate, or retail, considering metrics month over month will cause a fair bit of spin. If August is a peak month and September is a valley, comparing month over month trends is less useful than looking at the same time the previous year.

    - If day of week matters, and it typically does, then aligning your year-over-year comparisons to capture the same number of weekdays will also matter; otherwise, you'll see differences in metrics that might be due to April of 2012 having a different number of weekend days than April of 2011.

- **Length of your sales cycle** determines how soon you get to measure leads.

    - Unpack the decision process of your prospect; what do they need when? Use this understanding to focus on waypoints in a long cycle. For instance, metrics such as time on site may indicate engagement with your website's content that might be a leading indicator for a sale in the future.
    - In addition, some pages on your website (say a pricing page) may have information critical to folks later in the sales cycle, and so measuring engagement with those pages may be valuable.

Many people start with just recording the data and then move to creating specific goals and timelines for improving performance after an adequate baseline has been created.

The best baseline is a year of tracking data before starting to measure change, because web behavior for lead-generation and e-commerce websites is very seasonal. Year-over-year comparisons are a staple for decision making.

When to Measure Matters

It is important to consider which call-to-action contact options are available at what times and when your prospects might want to contact you. The time of day, day of the week, or season often affects the contact method of choice for your prospects.

Traffic patterns and high periods vary among businesses. Some of the differences are by category. For instance, business-to-business (B2B) websites sometimes have stronger weekday/weekend patterns than business-to-consumer (B2C) websites.

Web analytics shows activity and conversion peaks. For instance, a B2C company might see higher web traffic during weekdays, and fewer conversions but higher web conversion rates on weekends because on weekends the web is the best way to make contact (as in Figure 3.2).

You might think that a B2B lead-generation company may see little to no traffic on weekends, but there is typically some, although not as much as on weekdays (see Figure 3.3).

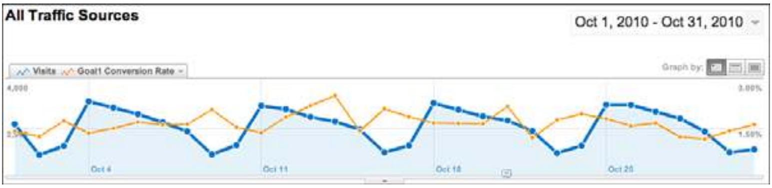

Figure 3.2 *An example B2C lead-generation website showing a strong weekly dip in traffic but an increase in conversion rate on weekends.*

Figure 3.3 *An example B2B lead-generation website showing a weak weekly dip in traffic and conversion rates on weekends.*

As shown in Figure 3.4, the B2C e-commerce website example does not show as marked a weekday/weekend pattern as shown in Figure 3.5 for a B2B e-commerce company. B2B e-commerce websites have weekday traffic and conversion rates higher than weekend traffic and conversion rates, but with nontrivial weekend activity.

Instead, the B2C website shows stronger seasonal pattern, with a dip around Christmas as the holiday shopping frenzy in the United States subsided.

Figure 3.4 *A traffic and conversion rate pattern example from an e-commerce B2C website showing seasonal patterns (decline around Christmas) but without strong week-day/weekend patterns.*

Figure 3.5 *A traffic and conversion rate pattern example from an e-commerce B2B website showing strong weekday/weekend patterns.*

These figures are merely examples, and experience with your own website and your prospects is the best guide.

Integrating Web KPIs into Business Decision Making

Now that you've identified which KPIs you want to track, you need to rework your internal business processes and website calls to action to gather that data. The goal is to integrate tracking these metrics into your existing online strategy.

Do you want prospects to contact you via an online form, "like" you on Facebook, or pick up the phone? Customize the call to action on each website page as it applies to your goal and target audience.

HERE'S A GREAT PHONE TIP

Did you know that discount toll-free 800 numbers are now commonplace for some businesses? Charges vary, based on number of minutes used per month or can be monthly flat rates.

If you use call forwarding on the line, you can route the calls to your sales team's incoming land lines. Just make sure you track which number was used on an incoming call so that you can identify that it came from your website, a specific page, or even from a specific medium.

For different options, see the section "Call Tracking: Why It's Essential and Selecting the Granularity Needed," in Chapter 4, "Breaking Down Silos to Get the Metrics You Need."

If you haven't implemented any customized call to action methods just for your website, you aren't able to dig into the sales data from your website.

If you're buying online advertising, you need to use a tool such as AdWords Conversion Tracking to begin gathering data about which ads are working better for you than others. (If you're not even doing that, you're essentially flying blind and might as well be buying print advertising.)

Case Study: Landing Pages with Custom 800 Numbers

We recently worked with a manufacturer of bullet-resistant devices (building construction items such as doors, counters, and transaction windows). Although the company had a website, it wasn't generating either the number of leads or the quality of leads they were looking for.

After reorganizing their Google AdWords account to focus on the keywords that would deliver better leads, we focused on crafting effective landing pages for those keywords. We initially went with a simple strategy for the toll-free (800) telephone numbers: one 800 number for all paid search landing pages, and a second 800 number for the rest of the website.

This company's business is complex and detail oriented, so prospects usually need to talk with a sales representative about the particulars of their project before placing an order.

Consequently, paid search drives a lot of qualified phone calls. Without a separate dedicated paid search 800 number, the company was making changes to their marketing efforts based on incomplete data. If a particular campaign drove an increase in calls but not website contact form leads, that success would have been impossible to recognize. The client risked misinterpreting the results of their efforts.

Furthermore, the missing data meant it took longer to evaluate the success or failure of any marketing experiment. With only half the data, it took twice as long to understand whether a trend was statistically significant or just a random variation.

After the 800 number tracking was in place, the company was able to make more informed decisions and make them faster. They were able to turn confidently away from underperforming campaigns and reallocate the budget to new marketing trials.

They quickly evaluated the results of these new pilot programs and moved the successful efforts into their regular advertising program. These tactics resulted in 27% year-over-year growth in online leads and a more than 30% year-over-year growth in sales revenue.

The plan is for later versions to get more granular, adding additional 800 numbers to tease out the organic, direct, and referral traffic and analyze the bottom-line results better (by attaching traffic source data to each lead to better understand the direct effects of marketing efforts on sales and revenue).

Web to Lead to CRM Analysis: Close That Loop!

If you're committed to converting your website into a competitive advantage for your company that drives new sales growth, you need to gather data. Data that lets you act at a strategic level to adjust your online marketing plan over time.

Your Internet marketing strategy needs to drive qualified new prospects to your website and then work to steadily improve the rate at which these prospects become customers. You'll improve this conversion rate by gathering and analyzing website visitor data, on a regular basis, to inform your sales and marketing teams about prospect conversion.

If your sales team is working within an existing CRM system, the right choice is to add new data to the existing process rather than reinvent it. If your sales team works without a CRM, hurry up and get one!

WHAT DOES *CLOSE THE LOOP* MEAN?

The phrase *close the loop* is somewhat related to the field of attribution modeling, which strives to find data correlating to business results. We're talking about it here in terms of digging deep for the data that connects the dots between your online marketing efforts and actual sales that result from them.

The Impact of Internet Marketing on Sales

To give yourself a full picture of the impact of your Internet marketing efforts on your sales process, start using this tracking methodology:

1. Capture the keywords that people use (both organic search and paid search) to find your website.
2. Bring the data about website visitors and their keywords into your CRM system.
3. Make sure your sales group indicates that each lead was converted into a customer within your CRM system, making the data ready for reporting.
4. Generate customer acquisition reports using your CRM system. Analyze the reports in conjunction with your search marketing plan to identify the most valuable paid search and organic search keywords for your business.

Close the loop between sales and marketing by capturing and analyzing the sources of your leads and sales over time to improve ROI.

To do this, capture website visitor and conversion data over time and display it in a CRM, and then use it to refine marketing activities. Figure 3.6 shows an overview of this process.

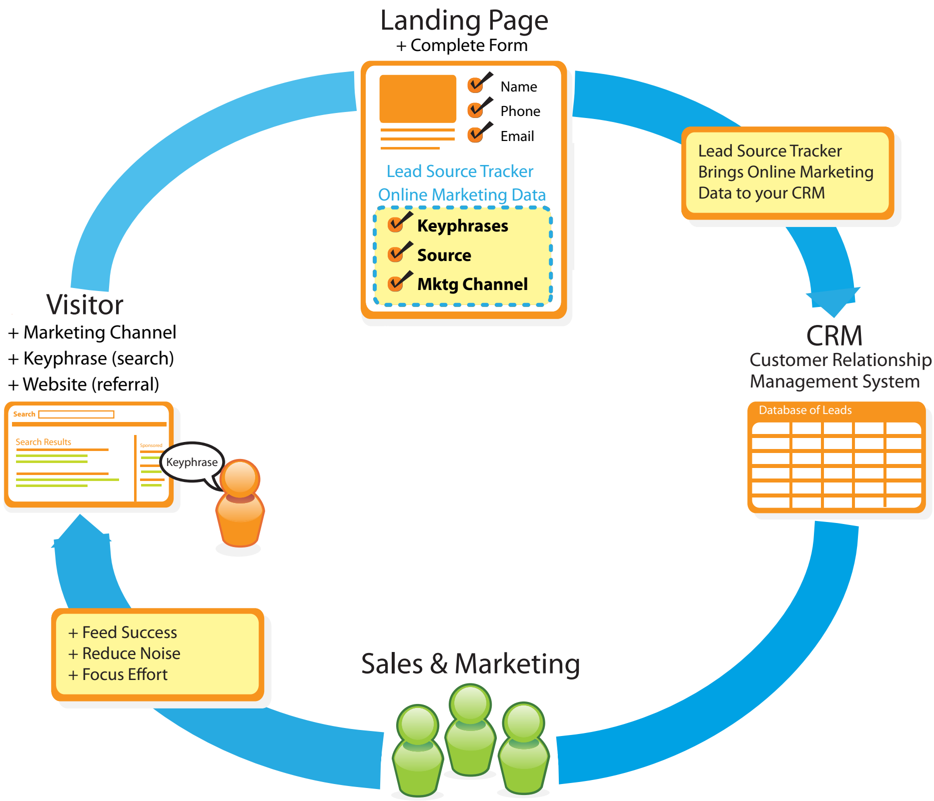

Figure 3.6 *Closing the loop between sales, marketing, and the website.*

Let's look at the first two steps of the "close the loop" tracking process in greater detail.

Step 1: Capture the Source of Each Lead

Web analytics provides data in aggregate on keyphrases that convert visitors into leads or sales. This is usually enough for e-commerce businesses, unless they want to aggregate information on repeat purchases.

For lead-generation businesses, however, there's another step in the process. The information on the source of the lead needs to persist as the lead is nurtured from a prospect through the sale.

Several lead-attribution systems are available, and Pure Visibility offers one of our own. For our tool, we often customize the data we collect based on specific business or company drivers, but we always gather the following:

- The referring URL of the website that brought the prospect to your website, which identifies the search engine and so forth
- The keywords or keyphrases used to find the website
- The initial page viewed in your website, which is often a landing page
- The website page where the call to action was initiated
- The type of marketing referral, such as paid search, referrer, organic search, or direct link

In addition, we recommend that you store the data for a website visitor's initial visit without overwriting it with data about subsequent visits. You want to track how the prospect initially found you so that you can improve the online marketing channels that bring more (and better qualified) prospects to your website.

Step 2: Move the Lead Data into Your CRM

One of the leading CRM applications today is Salesforce, but it shouldn't matter which CRM your company uses; any database system can handle a batch script to upload the website data you've culled on a regular basis.

You might need to adjust your business processes to better handle or route requests for information or follow-up phone calls that come specifically from your website.

Figure 3.6 illustrates how to close the loop and work iteratively, over time, for best results. Getting data into your CRM is just the first step. You need to analyze the data after you've been gathering it over time, to determine which search engine keywords (or online ads) produce higher conversion rates than others.

This iterative process of closing the loop from marketing to lead to sales ultimately improves your ROI as you gain insight and focus your efforts based on website conversion data.

Case Study: Reviewing Customer Conversion Data in Salesforce

One of our clients is a manufacturer of research laboratory equipment, accessories, and consumables. Because of the complexity of the sales process and the need to educate their prospective customer, they needed to measure the effectiveness of many marketing campaigns (PR, email blasts, banner ads, organic search, and paid search).

The landing page contact form data is captured using JavaScript and moved into their Salesforce application. The company had to make a few changes to integrate the website data about prospects into their sales process.

This particular company wanted to track not just landing pages and contact forms but also what type of information was being requested by each new prospect.

Over time, this data can reflect which whitepaper, newsletter, product demonstration, or search keyword triggered the prospect to initially contact the company, which materials supported the final sale, and in what order.

Moving Data into Salesforce

The basic steps in the process are as follows:

1. Include code that handles capturing the data on every website page.
2. In Salesforce, create fields to accept the lead source data with a new lead, and create the mappings so this data flows between the website and Salesforce as a lead evolves into a contact or opportunity.
3. Adjust your website's lead contact form to hand the lead source data to your CRM, by applying the data entered into the form.

You can customize the fields in the website script and in your Salesforce form to track data such as specific email campaigns or responses to traditional advertising media, as well. You'll probably want to customize the script to capture the referring web page URL, the search engine and keywords entered, and perhaps the link type (organic search, paid search), along with the contact information. For instance, a lead that comes through a search engine might have the following fields attached:

Search Engine: Google.com

Keyphrase: Atlanta Puppy Supplies

Link Type: Paid search

Or

Search Engine: Bing.com

Keyphrase: Best Smoothies in Fort Lauderdale

Link Type: Organic search

KPI Reporting on Leads and Sales

After you move the data from your website into your CRM system, you have to wait for the sales cycle to close. Make sure that your sales team knows to close the loop when they make a sale, by going into the CRM system and changing a prospect into a customer.

Over time, when many sales have been closed, you'll have a statistically significant amount of data that can be analyzed. That's when you run a set of opportunity conversion reports, or customer-acquisition reports, and begin to analyze which online methods have generated more new customers over others and the costs associated with each.

Sometimes with long sales cycles and multiple touchpoints, it is not leads generated but leads influenced that provides the important information.

Quantity Versus Quality

After you run the reports, the analysis should examine both the quantity and quality of lead conversions.

Which set of search engine keywords would you choose to invest in again?

- The keywords that generated 200 prospects over a month's time but only resulted in 3 closed sales
- The keywords that generated only 20 prospects but resulted in 10 closed sales

Although the answer may appear obvious, it might actually be an "it depends" situation, where with a few minor adjustments to your website copy you can improve the conversion rate on the landing page that's capturing 200 prospects per month... and surpass the second set of keywords in closed sales.

And what if the first product costs $2,000 and the second one $50? Again, it depends. You need to dig a little deeper instead of analyzing the numbers at first glance.

Closing the loop helps to quantify which online marketing method improves advertising spend over another. Ideally, during the reporting and analysis phase, you'll be able to see which marketing efforts introduce new customers to your company, which channels influence the prospect, and which channels help to close the transaction.

A WORD OF CAUTION

Make sure the persons analyzing this data in Salesforce (whoever is closing the loop) has some statistical analysis experience. It's extremely dangerous to make business decisions based on a "trend" with a sample size of, say, three. A statistical analyst instinctively knows this, whereas someone from your marketing or sales team might not.

Google Analytics is a powerful statistical analysis tool but does require some training and some thoughtfulness to apply it properly. The same goes for Google AdWords, where you can conduct A/B testing with different website page versions using Website Optimizer. Approach both with caution.

The bottom line is that any time you are crunching data, you're also making some underlying assumptions. The catch is that when the assumptions are faulty, the data analysis is, too.

Projections for Future Gain Based on Past Performance

ROI for your website is a large topic, as it encompasses so many things: the initial investment in design work and coding to implement the website, the costs of hosting and maintaining the website, the costs of content generation, the costs of paid search advertising, of link building for SEO, of online PR, and more.

It might seem easier to break things into smaller pieces for analysis, yet so much is interconnected. You need to work out whether calculating the ROI for paid search activities includes only the ad spend budget, or that plus management fees if managed externally, or that plus time for internal support, or all the preceding plus a share in the basic website maintenance costs.

It is easy to calculate over the wrong investment sum. Get agreement on this before moving forward!

When you do have a sense of the investment, work through the exercise in Table 3.3. This table summarizes the basic method to calculate the value proposition for online lead or sales generation.

Working through it, you will figure out the maximum you are willing to pay for a lead through paid search or SEO activities. You can then use this value to gauge whether new investments will be fruitful.

Table 3.3 Basic ROI Calculation Method

Index	Item	Calculated By or Taken From
1	Value of a lead. ($)	= 2 x 3
2	Proportion of leads that become sales. (%)	Your sales records (CRM).
3	Average value of a sale (can be individual or lifetime value of a customer). ($)	Your sales records (CRM).
4	Average margin from a sale. (%) The revenue after you make and ship the product or perform the service.	Your financial team, 10% is a starting point if you don't have a figure.
5	How much of your margin you are willing to spend to get the lead. (%)	Strive to do better than breaking even. A good starting point is 4% to 5%.
6	Maximum you should pay for a lead. ($)	= 1 x 4 x 5

Now that you know target investment for leads, you can calculate what you might be willing to pay for a click in paid search (see Table 3.4) or a visitor via SEO (see Table 3.5).

Table 3.4 is essentially extra rows for Table 3.3 that work through the investment for paid search advertising. Table 3.5 holds the rows for calculating projected ROI for an SEO initiative.

Table 3.4 Paid Search Calculation

Index	Item	Calculated By or Taken From
7	Average cost per click ($)	Your paid search management dashboard, although this is under your control and you may back into this by multiplying 1 x 5 x 8 or dividing 9/10.
8	Conversion rate from visitor to lead (for lead generation websites) or visitor to buyer (for e-commerce websites)	Average for paid search visitors, from your web lead (%) analytics, typically less than 5%.
9	Ad spend ($)	Your investment, although you could create projections by modeling the impact of this.
10	Clicks	Your paid search management dashboard, although this is under your control and you may back into a larger budget from a small sample by multiplying 7 x 9.

Table 3.5 SEO Calculation

Index	Item	Calculated By or Taken From
11	Cost of proposed infrastructure or content initiative	Business decisions
12	Increase in organic visits per month	Projected increase in organic traffic due to proposed initiative in line 7
13	Conversion rate from visitor to lead (%)	Average for organic visitors, from your web analytics, typically less than 5%
14	Duration over which to calculate the gain (months)	Business decisions
15	Projected revenue from improvement	= 12 x 14 x 13 x 1
16	Break-even point	When 11 = 12 x 14 x 13 x 6

Summary

Does your website speak to customers? Are you improving your website with each addition? Or are you annoying your visitors with unnecessary Flash widgets and frustrating their attempts to purchase from you?

You won't know unless you set up your website for measurement and then watch the numbers for trends. Measure your performance ruthlessly!

The KPIs for your website should flow directly from the KPIs for your business. This process will help you focus on the right set of metrics and help you track and improve them.

To get started with Internet marketing metrics for your website and company

- Decide how you want website visitors to respond to your call to action.
- Identify your key performance indicators:
    - Primary and secondary KPIs for SEO.
    - Primary and secondary KPIs for paid search.
    - Use business analysis to define your KPI measures and goals.
    - Determine when you want to measure.
    - Integrate the website KPIs into your central business decision-making process.

- Close the loop between your website, lead generation, and CRM system:
  - Capture the keywords that people use to find your website (organic and paid searches).
  - Bring the website visitor and keyword data into your CRM system.
  - Ensure that the sales team indicates when a lead is converted to a customer within your CRM system.
- Generate customer acquisition reports in your CRM system and analyze the reports with your search marketing plan.
- Identify the most valuable paid search and organic search keywords for your business. Look at both the quality and quantity of lead conversions.
- Run the ROI numbers; calculate future projections based on past performance. Adjust your marketing plan accordingly, armed with the new information.