

Increasing the Value of Your Web Site

OK, so you have a web site, you're paying the monthly hosting fees. You either keep the site updated yourself or you are paying someone else to update it. In the broadest of terms, your web site is another business asset or another business liability. The question is... do you know which?

If you think it's an asset, you are in the majority. Most business owners feel that their web site is worth the investment. In general terms most businesses can give you any number of reasons for their feelings. But the vast majority of businesses cannot provide a specific, dollars and cents value. In fact, most web site owners find it hard to define the value of their web site in any but the most vague terms.

If you want to increase the value of your web site this is a problem. When you make a change, how do you know the value increased? As with everything in life, you have to know where you started before you can tell if you are getting anywhere.

To increase the value of your web site you must first determine the present value.

How do you know what the current value of your web site is? Unfortunately determining this is not as easy as figuring the value of your fixtures or office furniture. But it isn't impossible. To start, you need to know how you will define value.

If you have an e-commerce site that takes orders online you may choose to simply define value as the profitability of the site.

$$\begin{array}{r} \textit{minus} \quad \textit{Sales} \\ \quad \quad \quad (\textit{Operating Costs} + \textit{Cost of Goods}) \\ \quad \quad \quad \text{-----} \\ \textit{equals} \quad \quad \textit{Value} \end{array}$$

If you have a customer support site you may choose to define the value as the dollars saved when customer use the self-server online support.

$$\begin{array}{r} \textit{Times} \quad \quad \textit{Average Support Cost} \\ \quad \quad \quad \textit{Number of online support incidents} \\ \quad \quad \quad \text{-----} \\ \textit{Equals} \quad \quad \quad \textit{Value} \end{array}$$

To determine the present value you must first clearly define the purpose of the site.

What is the purpose of your site? Go ahead; think about it...

Time's up! What's the answer?

If you are like most businesses, you don't have a real clear vision of the purpose of your site. Sure, it tells visitors about your company, provides contact information, business hours, etc., etc. But what is it supposed to accomplish? What is the customer supposed to

do when they visit the site? Are they supposed to buy something, call you, register for your newsletter... what?

In direct marketing this is sometimes called the "Call to Action". In the case of the customer support site the *Purpose* is to get customers to use the online support services instead of calling the 800 number and having to go through an hourly employee. In the case of the online e-commerce site the *Purpose* is to get customers to make their purchase online instead of calling or coming in the store (if you have one).

In fact, different parts of your site may have different purposes. You may have a support section, a shopping cart, a newsletter sign up page, etc. Each section of your site should have a *Purpose* and the purpose should be obvious to the site user. If you can clearly define the purpose of each section of your site you can then begin to create a formula for setting a value.

To determine the present value you must also clearly define how the purpose affects your business.

A newsletter sign up page, for example, has a simple purpose... to get people to sign up for your newsletter. How does this affect your business? In most cases the effect of any marketing action will affect one of three areas; decreased costs, increased sales or increased profits. In this example we will assume:

- For each 100 newsletters you send out you make one sale.
- Your average sale is \$100.00.
- Your average profit is \$30.00 for each sale.
- You send out your newsletter monthly.
- You receive 50 newsletter signups per month

The value of your newsletter sign up page is:

	<i>50 (number of newsletter signups per month)</i>
<i>divided by</i>	<i>100 (the average number you need to make one sale)</i>
<i>equals</i>	<i>.5</i>
<i>times</i>	<i>12 (number of months in a year)</i>
<i>equals</i>	<i>6</i>
<i>times</i>	<i>\$30.00 (average profit per sale)</i>

<i>equals</i>	<i>\$180.00 (value of your newsletter signup page)</i>

You now have a value of your newsletter sign up page. It's worth \$180.00 a year for each 50 registrations. More importantly, using this formula you can easily see that you can increase the worth of this section by either:

1. Increasing the number of signups each month
2. Decreasing the number of newsletters you need to send to make a sale
3. Increasing the frequency of the newsletter
4. Increasing the average profit per sale

But, the *Purpose* of this section of the site is to get people to sign up for the newsletter. So, the only way to improve this section of the site is to increase the number of newsletter signups per month.

To increase the value of your web site you must track the right things.

There is one more aspect to the formula. You now have a value based on the number of signups per month but how do you know that the effectiveness of this section is improving... that the value of the section is growing.

This is a little easier than the last formula. The effectiveness can be measured by the ratio of signups per month to the total visitors per month.

- *number of signups per month (divided by) number of visitors (equals) signup ratio*
The higher the ratio the more effective the section
- 75 signups (divided by) 3000 visitors (equals) .02500
- 200 signups (divided by) 3000 visitors (equals) .06666

You now have a valid measure of the effectiveness of your newsletter signup page and can easily track the effectiveness and the value to your business. As you can see, however, the ability to track the value depends upon a clear understanding of the *Purpose* of this section of the site. This should be the acid test for every section of your site. If you can't find a *Purpose* that leads to a value for your business, you probably are wasting your time and money in maintaining that section.

Also remember that the section should clearly represent the *Purpose* for the customer and make a "Call to Action". Make sure that every page of your site lets the customer know what you want them to do and what they will gain by doing it.

Once you are tracking the right things, you must make changes!

No increase in value is possible without change! To increase the effectiveness of the site section and, ultimately, the value of your site you **must make changes**. If you never change the section you will never see improvement. The measurement makes it possible to determine whether the value has increased or decreased because of the change. Yes, it is possible that a change may decrease effectiveness and value. If it does, **change back** and try something else.

You now have all of the tools you need to increase the value of your web site. All it takes is a little time and a focus on *Purpose*. And remember, it doesn't hurt to occasionally look back at how you defined the purpose of the site section and how that purpose affects your business. With a little time and measurement under your belt, the road sometimes becomes clearer.