

Internet Marketing by the Numbers

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May, 2009

By the numbers, yes, but what numbers?

Customer
engagement

Brand
awareness

Page
views

Clickthrough
rate

Time on
site

Net Promoter
Score



Return on Investment must be your main number



$$\frac{\text{Gain} - \text{Cost}}{\text{Cost}}$$

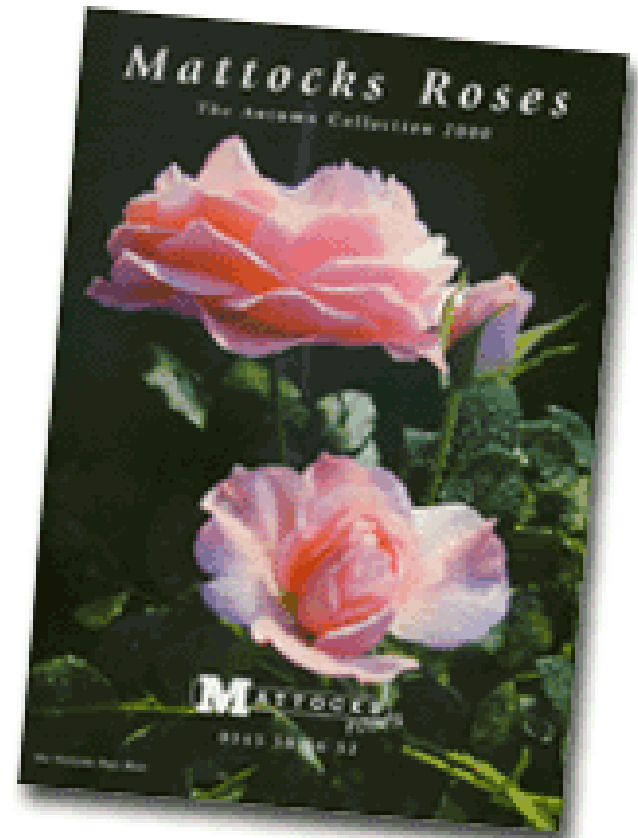
- Transactional
 - ▶ Each transaction is measured on its own

- Relational
 - ▶ Each customer acquired is measured individually

It's all direct marketing

Imagine a catalog marketer who said to the boss...

- I shipped February's catalog on time
- And under budget
- Customers like it
- And it looks beautiful
- Wanna see it?



But that's all we say about our Web sites—where are the numbers?

How do you calculate transactional ROI?



Visitors	1000
Conversion Rate	1%
Conversions	10
	Base

How do you calculate transactional ROI?

Increase your
conversion rate



Visitors	1000	1000
Conversion Rate	1%	2%
Conversions	10	20
	Base	

How do you calculate transactional ROI?



Increase your conversion rate

Increase your traffic

Visitors	1000	1000	2000
Conversion Rate	1%	2%	1%
Conversions	10	20	20
	Base		

How do you calculate transactional ROI?



Increase your conversion rate

Increase your traffic

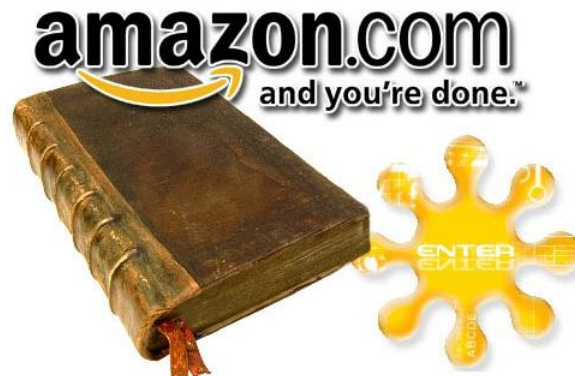
Or both

Visitors	1000	1000	2000	2000
Conversion Rate	1%	2%	1%	2%
Conversions	10	20	20	40
	Base			

But maybe it's not so simple

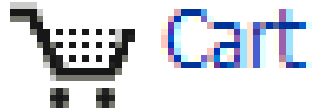
For conversion rate, do you divide by visitors or visits?

- Toyota should divide by visitors
- Amazon should divide by visits



What are *your* conversions?

- Online sales



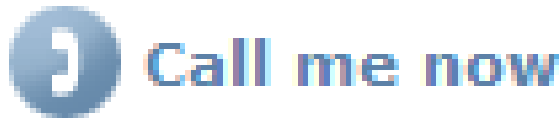
- Find a store



- Find a dealer

- Find a partner

- Phone call

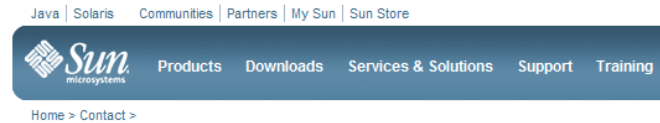


- Affiliate link



- Download a white paper

- Fill out a contact form



Contact Me Request

Your Privacy
Sun Microsystems, Inc. respects your desire for privacy. Personal information collected from this form will not be shared with organizations external to Sun without your consent, except to process data on Sun's behalf in connection with this transaction. We will use your personal information for communications regarding your contact request.

Sun, as a global company, may transfer your personal information to countries which may not provide an adequate level of protection. Sun, however, is committed to providing a suitable &

Would you like Sun to contact you regarding its products, services, and/or solutions?

- This form is intended for pre-sales product, services, and questions.
- You will NOT be added to any mailing list; you will only be in relation to your query.
- For non-sales related queries, please contact: [Technical Support](#) or [Other Inquiries](#)

If you would like to speak to Sun right away, please call us.

Contact Request Form

* indicates required fields

* First Name:

* Last Name:

Company:

How do you track offline conversions to the Web?

- The easiest way is for you to contact the customer
- If the customer switches channels, entice the customer to:
 - ▶ Print the product's specifications to bring to the dealer
 - ▶ Print a coupon to present at the retailer
 - ▶ Call a special phone number

ALL VEHICLES | CTS | STS | DTS | XLR | V-SERIES | SRX | ESCALADE | ES


GALLERY | PACKAGES & OPTIONS | COMPARE VEHICLES | BUILD YOUR CADILLAC | SHOP

BUILD YOUR CADILLAC

1 SELECT MODEL | 2 SELECT STYLE | 3 SELECT COLORS | 4 PACKAGES & OPTIONS

Step 5. View Summary [PRINT SUMMARY](#)

2006 CTS



MODEL:	2006 CTS
STYLE:	2.8L Standard
MSRP:*	\$29,990.00
COLORS:	Ext: Black Raven Int: Cashmere Leather
ADDITIONAL OPTIONS:	\$2,940.00
VEHICLE TOTAL:	\$32,930.00

Included Equipment [CHANGE STYLE](#)

2.8L Standard MSRP \$29,990.00*

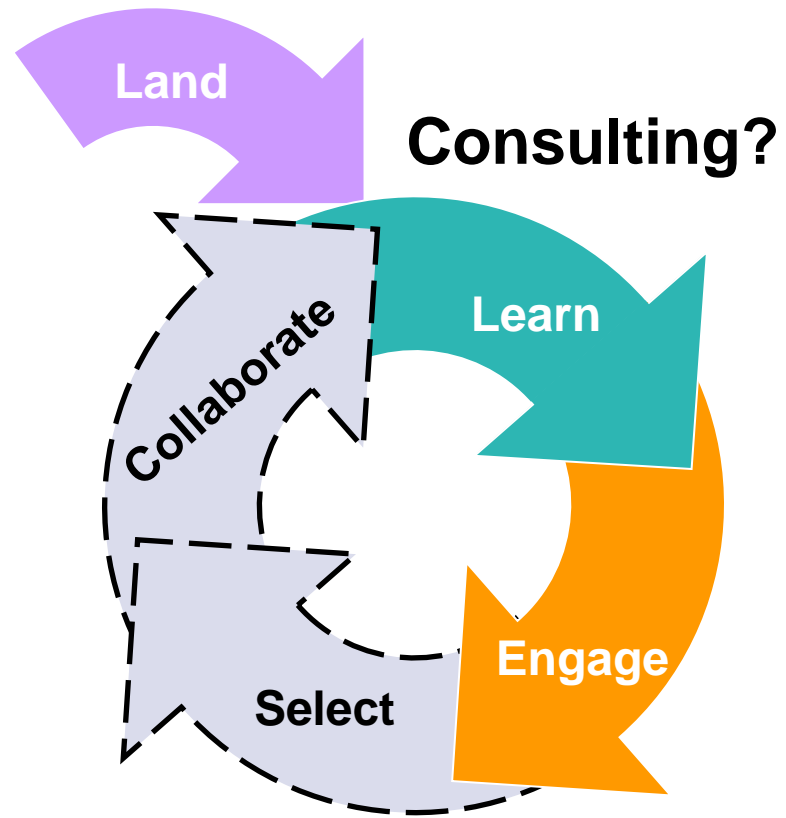
- Brakes: four-wheel antilock
- Drive type: rear-wheel drive
- Engine: 2.8L DOHC V6 with 210 hp
- Seat controls: driver, eight-way power-adjustable
- Transmission: Aisin six-speed manual

Colors [CHANGE COLORS](#)

Exterior:
Black Raven

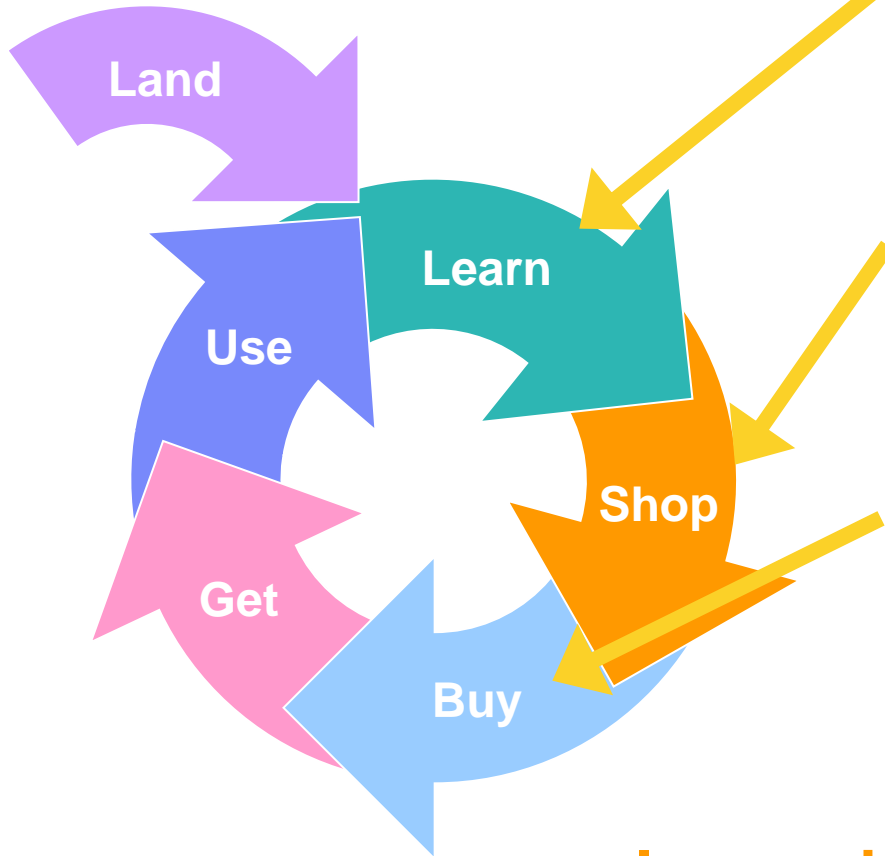
Interior:
Cashmere Full Leather Seating

What is *your* Web Conversion cycle? For your site?



Some sites lead to offline activity

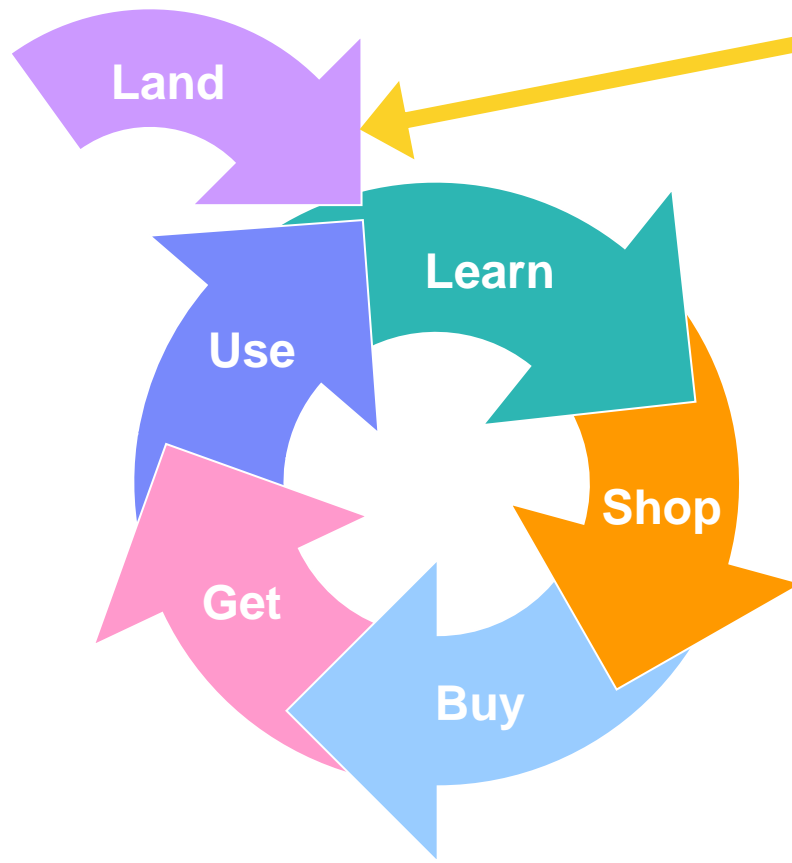
Use your cycle to measure conversion value



- Finding the right product page puts the visitor in the “Learn” stage.
- How many customers that view a product page put items in their carts?
- And how many check out?
- Multiply by your average revenue and you have the impact on revenue.

Increasing the success rate at any stage increases the overall conversion rate

For transactions, ROI is simple



- If your conversion rate is 1%, you must attract 100 visitors for one conversion
- If it costs \$1 to attract each visitor and nets \$200 for each conversion...
- ...your ROI is $\$200 - \100 divided by $\$100 = 100\%$

But what about relationships?

Lifetime Value is what a new customer is worth

- The math is daunting
- But the idea is simple
- Your acquisition costs for new customers should reflect today's value of what they'll pay you over their customer lifetime
- A simplified example:

<http://www.dbmarketing.com/articles/Art174.htm>

	Year 1	Year 2	Year 3
Customers	20,000	12,000	7,800
Retention Rate	60.00%	65.00%	70.00%
Orders/year	1.8	2.6	3.6
Average Order Size	\$2,980	\$5,589	\$9,106
Total Revenue	\$107,280,000	\$174,376,800	\$244,696,480
Direct Cost %	70.00%	65.00%	63.00%
Costs	\$75,096,000	\$113,344,920	\$161,088,782
Acquisition Cost \$630	\$12,600,000	\$0	\$0
Total Costs	\$87,696,000	\$113,344,920	\$161,088,782
Gross Profit	\$19,584,000	\$61,031,880	\$94,607,698
Discount Rate	1.13	1.81	2.53
Net Present Value Profit	\$17,330,973	\$33,719,271	\$37,394,347
Cumulative NPV Profit	\$17,330,973	\$51,050,244	\$88,444,591
Customer Lifetime Value	\$867	\$2,553	\$4,422

Approximating Lifetime Value with RFM

- **Recency:** When is the last time the customer ordered?
- **Frequency:** How often does the customer order?
- **Monetary:** How much are the orders worth?

- When even RFM is too difficult to calculate, use Recency alone



Respond to your customers

- Change your products
- Change your content
- Change your prices
- Change your policies
- Change your experience
- Then, change them again

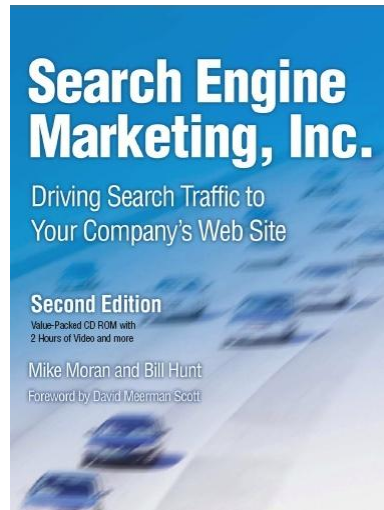


Which changes increase your conversions?

Customers vote with their mice

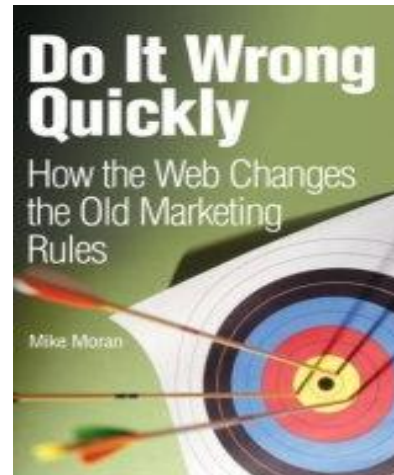
Read all about it

**The
search
marketing
best seller**



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seller *Waiting for Your Cat to Bark?*

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