Chapter 1: Overhauling the Business

In This Chapter

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*H*ow do you measure the success of your Web site? According to an Interland poll of small-business owners, the two biggest indicators of success are positive feedback from customers and the amount of *traffic,* or visitors, the site receives. The two runners-up are the number of sales leads and total online sales. With 82 percent of those interviewed receiving monthly direct revenue from their sites, you can bet that success — however you measure it — is indeed important.

How do you determine that success has eluded you and decide that your online business needs an overhaul? In this chapter, we show you the signs indicating that it's time for change, and we explain how to start putting your business back on the right e-commerce track.

Paying Attention to the Signs

Wouldn't it be nice if you could start your business, launch your Web site, get lots of customers, make plenty of money — and never have to change a thing? If you have owned an online business for a while, you know that's not the way it works. The Internet industry is constantly morphing, and so are the rules for growing a thriving online business. That's why the secret of long-term online success is recognizing the signs of change — both good and bad — and being able to adapt.

Here are some signs that you might need to reevaluate your business:

✦ **A drop in search engine rankings:** A good, high-ranking position at Google or Yahoo! is often the lifeblood of an online business. If your site begins to slip or inconsistently maintains its position after several years on top, something is wrong. Although the problem might be an optimization issue, don't discount the possibility that your site is losing relevancy.

✦ **An outdated site:** You notice that the visual look of your site is now considered a design relic from the "dot-com" era. Your competitors have stripped away the black backgrounds from their sites and adopted clean, crisp images. It's time for you to do the same.

✦ **A lack of ongoing maintenance:** You can work in your business every day and still overlook the simplicity of good site-keeping. Broken links, expired coupon offers, and irrelevant or dated content are all indicators that you haven't been paying much attention to detail.

✦ **Fluctuating market conditions:** All types of issues in the world influence your business, either positively or negatively. The fluctuations that most closely relate to your industry or customer base obviously affect it the most. These factors include, but are not limited to, increased competition, changing product trends, regional or national economic indicators, supplier costs, customer demand, and pricing issues. A significant change in your market can dictate a change in your online business operations.

✦ **Overlooked technology upgrades:** Overlooking technology upgrades (whether you're updating antivirus software or installing a new version of a content management system) is detrimental in the world of e-commerce. Allowing technology innovations to bypass you is a definite signal for change.

✦ **Nose-diving profitability:** This factor isn't one of the more subtle signs that it's time for Plan B. When revenue falls, overhead increases, and your bottom line pays the price for it all, you know that regrouping is a necessity.

✦ **A variation in visitors:** Is your site losing customers? Are your traffic counts falling or becoming less consistent? Or are you noticing an influx of visitors from a different source or customer base? Fluctuations in site traffic and activity warrant a reaction.

This list of signs pointing to change isn't exhaustive. It's a starting point, though, for what to search for within your own business.

To make sure that you don't overlook anything, conduct a thorough *business change evaluation*. This system first establishes a baseline for your business, based on your most recent key indicators (such as sales, visitors, and available products). Using the baseline, you can then evaluate other possible influences on your business.

Your goal is to get a snapshot of all your business indicators and determine which ones are driving change. Create a checklist by following these steps:

1. **Write a detailed description of your e-commerce business.**

Include as part of your description the specific products or services you sell both online and offline. This description should provide a complete picture of your business.

2. **Describe your existing customers.**

Be sure to include as much classifying information as possible about your customers. Details such as age and household income are bonuses. If you don't know those types of details, classify customers according to their product interests or purchases, or even by how they find your site. For instance, where do customers come from: ads, other site referrals, or offline?

3. **Break out your revenue structure.**

In this step, list the ways or places in which you earn money. Break down the list by month for the past 12 months. Then complete a year-over-year comparison for the past three years (if the data is available). Show the numbers in percentages of total sales. If you have a brick-and-mortar store, include revenue from your offline sales, too.

REMEMBER

If you're keeping up with your monthly profit-and-loss statements as part of your accounting procedures, you can pull these numbers directly from those statement histories.

4. **Generate a traffic analysis of your site.**

Break out the numbers in the form of a monthly comparison for the past 12 months, and then by year for the past three years. Include the total number of *unique* (different) visitors and *page views* (the number of pages requested within a particular period).

REMEMBER

Your analysis can get more detailed if you're comfortable and experienced with it. For now, you just want to provide a quick history for a comparative look at your overall traffic patterns.

5. **Make a list of all areas that affect your business or influence change, either positively or negatively.**

You can group the items by category as they apply to your site, such as marketing, sales, product development, or content.

6. **Categorize each item as positive or negative based on how it influences your site. Then explain why you chose that indicator. Beside the explanation, note whether you have responded or reacted to the change.**

As you finish this section, you can identify areas where change is occurring and determine whether you have adequately adjusted to them.

You might be tempted to believe that you already know this information or that this process is oversimplified. We can't emphasize enough the power of writing down this information in one place, for your review.

The purpose of making a meaningful evaluation is to help you identify holes in your current online business strategy. Then you use the information to target a market weakness or opportunity that you might have overlooked.

Keep this completed chart on hand as you continue through the overhaul process. Figure 1-1 shows an example of a checklist.

Business Change Checklist

Indicator	Type of Change: (Positive/Negative)	Why?	Responded? (Y/N)	If yes, how?
SITE				
Site design is outdated	_____	_____	_____	_____
Dated/old graphics	_____	_____	_____	_____
Broken links	_____	_____	_____	_____
Content not fresh	_____	_____	_____	_____
Expired coupons/offers	_____	_____	_____	_____
Defunct affiliate programs	_____	_____	_____	_____
New technologies released	_____	_____	_____	_____
INDUSTRY/MARKET CONDITIONS				
Increase in competition	_____	_____	_____	_____
Decrease in competition	_____	_____	_____	_____
Fluctuation in economy	_____	_____	_____	_____
Change in product/service	_____	_____	_____	_____
Change in consumer demand	_____	_____	_____	_____
Supply costs update	_____	_____	_____	_____
Pricing update	_____	_____	_____	_____
New vendors/partners	_____	_____	_____	_____
Customer (profiles) different	_____	_____	_____	_____
SEARCH ENGINE RANKINGS				
Dropped rank (out of Top 10)	_____	_____	_____	_____
Removed from rankings	_____	_____	_____	_____
Consistently moving down	_____	_____	_____	_____
Inconsistent rankings	_____	_____	_____	_____
Inconsistent rankings across various search engines	_____	_____	_____	_____
Keywords outdated	_____	_____	_____	_____
No active optimization activity	_____	_____	_____	_____
Variation in site visitors	_____	_____	_____	_____
Traffic/page views changing	_____	_____	_____	_____
MARKETING				
Offline advertising reduced	_____	_____	_____	_____
Less/more online advertising	_____	_____	_____	_____
Changed # of referring links	_____	_____	_____	_____
Updated promotions/offers	_____	_____	_____	_____
OPERATIONS				
Major fluctuation in profits	_____	_____	_____	_____
Outdated business plan	_____	_____	_____	_____
Revenue resources altered	_____	_____	_____	_____

Figure 1-1: Your checklist for evaluating change.

Qualifying for a Makeover from Lagging Sales

One no-fail indicator that your online strategy needs help is steadily falling sales. The issue always boils down to numbers — the number of products sold, the number of site visitors, and that last number on your bottom line. They're all connected, and that connection has everything to do with sales.

The wonderful thing about the Internet is that you have immediate, and often real-time, access to online sales transactions. At any hour of the day, you can tell exactly how many dollars your Web site is generating. You know whether your business is having a good day. What happens, though, when it's not a good day, or a good month?

If sales are down, start by asking yourself two basic questions:

✦ Do I need to pull in more visitors?

✦ Do I need to convert more visitors to buyers?

Sure, sometimes you answer Yes to both questions. Typically, though, your problem stems more from one reason than the other. Either the number of people coming to your site has decreased and your sales are affected, or the proportion of sales to the number of visitors is off because people are leaving your site before making purchases. After you decide which issue is more responsible for weighing down sales, you can begin addressing the problem.

Increasing the number of visitors to your site

If you need to increase the number of visitors to your Web site, concentrate on these areas to give sales a lift:

✦ **Search engine optimization (SEO):** Reexamine the search engine optimization techniques used for your site (see Book VI, Chapter 6). It's a necessary part of ongoing site maintenance. If your site isn't optimized correctly, however, its chance for a solid ranking in the search engines goes out the window. And, it's not only a matter of rankings. Customers searching for your specific site can be disappointed when your site doesn't even pop up in their search results. Perhaps you haven't provided the best possible information to make a match during a typical search request.

✦ **Marketing strategies:** Letting routine marketing activities slip in priority in the daily chaos of managing an online business is easy. Diminishing numbers of visitors are a wake-up call to get back to marketing basics. Create an online newsletter or send out a fresh round of promotional e-mail to your existing customer database. You don't always have to dangle deep discounts in front of them. Sometimes, they simply need a reminder that you're still out there!

✦ **Paid advertising:** Spend a little dough and pump up the number of site visits. Google AdWords, pay-per-click advertising, and paid listings or banner ads on other Web sites are quick fixes to help generate traffic. If you're already spending money in these areas, look for new sites on which to place advertisements, or experiment with buying some different Google AdWords.

✦ **Linking opportunities:** When was the last time you asked someone to exchange links with your site? Spend an hour or two searching for sites that are compatible with or complementary to yours and ask to swap links.

Link swapping isn't just an effective way to increase traffic to your site — a quality link exchange helps increase your site's value with search engines. That's a bonus!

✦ **Public relations:** Are you creating awareness of your site through effective public relations strategies? What was the date on the last press release you distributed? Phone a few reporters and suggest a story relating to your business. When your site's traffic flow is slowing, now is not the time to be shy.

Not all news has to be based on good news. Think creatively and turn your *problem* into a relevant story idea that's timely and grabs attention. For example, a national report on decreased consumer confidence and spending could tie in nicely to a recent dip in sales for your site. Be sure to put a positive twist on how you're combating the issue. For instance, send the message that your site's competitive pricing is sure to win over customers now that they're more careful in their spending.

✦ **Offline promotions:** Whether or not you have a retail location, utilize traditional offline marketing to get an immediate boost in your online traffic.

Go to a networking event and hand out your business cards. Arrange for a speaking engagement at a meeting of a community organization or at a regional trade show. Create flyers or professional brochures and distribute them in stores that are complementary to your site.

Converting more visitors to buyers

Maybe the number of visitors to your site is right on target. Instead, you need a boost in converting those window shoppers into full-fledged buyers.

If that's the case, concentrate on offering these features to get sales flowing in a positive direction again:

✦ **Functionality and usability:** You might be surprised to discover how cumbersome shopping on your Web site can be. Viewers leave sites if they get tired of trying to figure out how to check out. Another turnoff is not having a search function or an easy way to sort through products. At other times, the problem is all about site design. In Book XI, Chapter 2, we explain how to update your site design and functionality to make it friendlier to customers.

✦ **Graphics and copy:** One issue that derails a sale quickly is a lack of information about your products. Ensure that

- Your Web copy provides customers with enough detail.

- Your pictures are of good quality and not grainy. Thumbnail photos provide clear, crisp images.

✦ **Credibility:** Skepticism and uncertainty now plague online shoppers, especially when they're buying from unfamiliar sites. Create trust and credibility by making your customers aware of who you are and why your site is a safe place to shop.

> **TIP** Boost consumer confidence by displaying your contact information prominently throughout your site. Providing your phone number and physical address in addition to your e-mail address shows customers that you can be reached for questions. For an added vote of confidence, clearly post privacy policies, FAQs, and return and exchange policies. Be upfront with customers about what they can expect when they do business with you!

✦ **Product selection:** Sometimes, declining sales are a result of an outdated or limited choice of products. In Book XI, Chapter 3, we discuss the idea of expanding your product lines in greater detail.

✦ **Payment options:** Your customers want not only a wider product selection, but also more payment options. Maybe you initially set up your site to accept payments only through PayPal. After you've been in business for a while, you have to accept other methods of payment, such as credit cards, debit cards, and even online check processing. See Book IV, Chapter 4 to find out all the payment options you can offer.

> **TIP** In addition to accepting payments for orders online, allow customers to pay offline. Hesitant customers might prefer placing orders by phone or by printing order forms and mailing checks. Be sure to offer options and accommodate your customers' preferences.

✦ **Affiliate programs:** You might be used to signing up for other sites' affiliate programs to add a little revenue. Why not create an affiliate program of your own? Products and services with more forgiving profit margins are ideal ways to boost revenue for both you and your online allies. Or, if you don't want to worry about tracking specific products, offer a flat percentage (or referral fee) on *any* sales that come through one of your affiliates.

✦ **Pricing:** Drop in to your competitors' sites to find out what they're charging. A drop in sales can indicate that you're not keeping up with current pricing strategies.

> **TIP** A quick way to check out the competition is to use an online price-comparison guide. Try sites such as PriceGrabber at `www.pricegrabber.com`, Froogle at `www.froogle.google.com`, and CNET Shopper at `www.shopper.cnet.com`. Your customers are probably using the same sites to influence their online purchasing decisions.

**Book XI
Chapter 1**

Overhauling the Business

✦ **Buying incentives:** Another alternative to increase sales is offering customers incentives to purchase. Call them what you will — coupons, discounts, free shipping, limited-time offers, or special sales — offering these kinds of incentives is often enough to nudge browsers to act.

✦ **Up-selling:** People in the restaurant business use this strategy to get another dollar or two from customers at the time of purchase (for example, asking about dessert at the end of a meal). You can do the same for your online sales. Before a customer completes the checkout procedure, offer the opportunity to add another item. Display the product and offer it at a one-time discounted price. Impulse buys based on the power of suggestion are powerful. They don't hurt your sales, either!

Knowing Where to Start

When you're deciding what changes to implement, you can base part of your decision on an outstanding resource: your customers! Implementing a customer survey is a quick way to get the facts about your site. Keep these suggestions in mind when you're conducting a customer survey:

✦ **Identify the basics.** Pick only the most critical information that you want to discover about your site. An all-inclusive survey gets long and complicated, so choose only three to five areas. Including more areas on your survey warrants bringing in a professional to administer it.

✦ **Keep it simple.** Web surfers have limited time and limited attention spans. Your best results come from keeping a survey simple and short.

✦ **Offer an incentive.** Always thank customers for taking the time to share their opinions. Better yet, offer a small incentive (a discount on their next purchase, for example) in exchange for feedback.

✦ **Select your customers.** Determine who will take your survey: potential customers or loyal customers who know your business.

WebSurveyor (`www.websurveyor.com`) offers a full range of survey products and research services that start at just under $1,500 for a single user. Even better, WebSurveyor also offers two free survey tools: RSVME (an e-mail program) and Online Poll tool (an online poll creator).