EmpathyBroker
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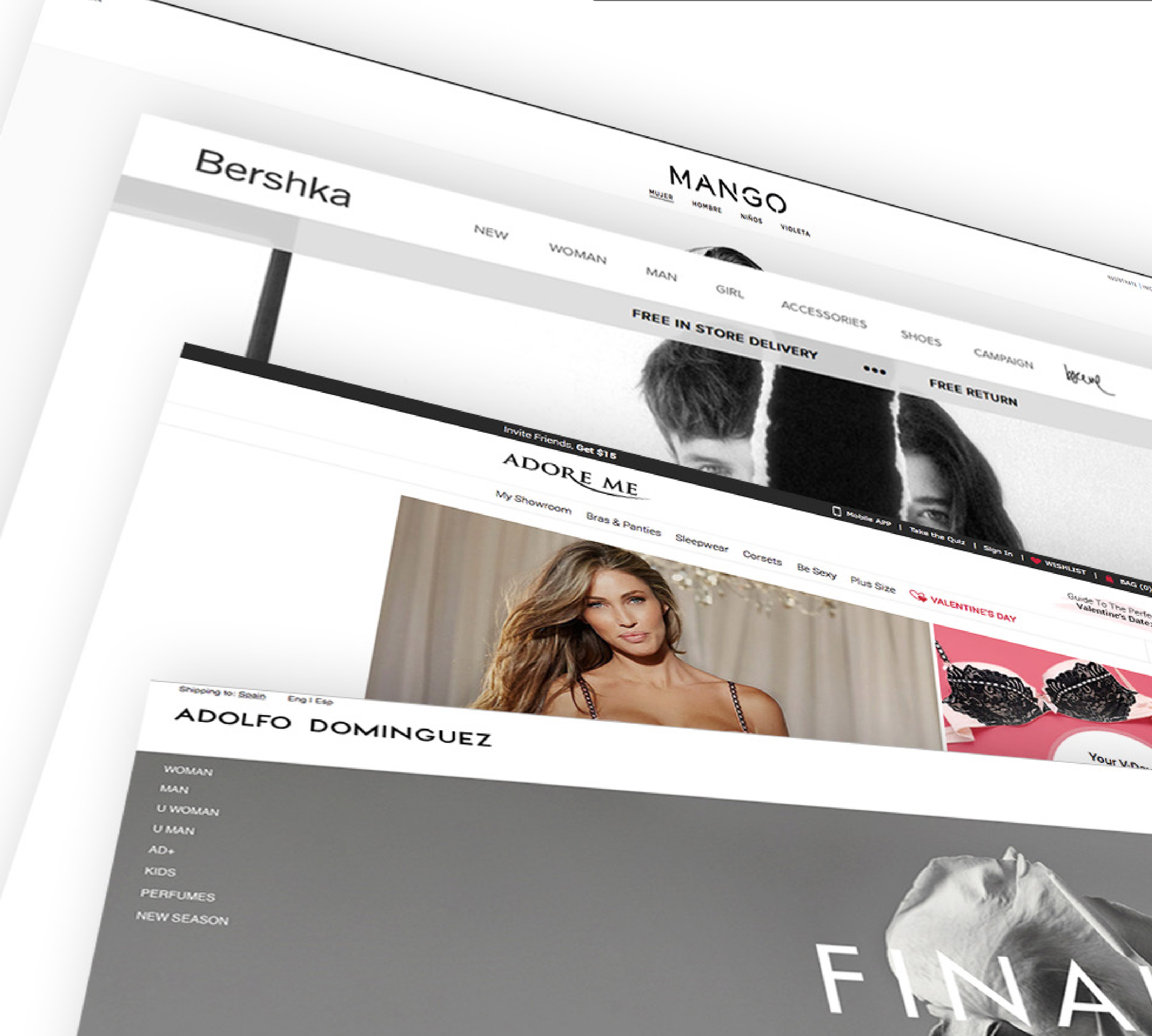
Business case
FOR SITE SEARCH



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Business Case
FOR SITE SEARCH

Introduction

This white paper explains how to calculate the expected return on an investment made in site search. It shows how to build a robust calculation from existing site performance metrics to help make an informed data-driven decision about the value that search can add to your online organisation.

THE IMPORTANCE OF SEARCH

The case for search is dicussed in greater detail in the White Paper "The importance of search: how site search is crucial to the online customer experience" available at www.colbenson.com

In that paper we discuss how your site search function is your customer's main dynamic interaction with your data and how this impacts your bottom-line conversion rates.

THE PROBLEM

Established industries have consistent and widely-understood metrics which are clearly linked to industry key success factors.

New industries don't.

In many cases, there is not even a settled view on the key success factors. Building business cases based on analytics is tricky enough, but even more so when there is no clearly understood and accepted link between the analytics and the bottom line.

Search is a good example of this.

Outside of the sector, it is not obvious that search is a complex area critical to online conversion. The customer experience is often so smooth that the hard work behind the scenes is invisible. Only when it fails to work do we notice it.

The rest of this paper will look at how we can measure search success and how we can calculate the impact a search investment will have on your organisation.

MANAGED SEARCH

In this paper we refer to Managed Search. This is an active approach to search which involves the organisation taking action to improve search engine performance based on robust search analytics.

The Business Case 1

THE VALUE OF SEARCH TO YOUR BUSINESS

Not all businesses are alike, and the applicability of a managed search function will vary by industry, sector and business. Some sites are very search driven, others much less so. Some sites serve information in return for advertising revenue, others want to sell products or build customer engagement. The value of these varies enormously.

This section looks at how important search is in terms of delivering value to your organisation.

THE SEARCH **OBJECTIVES**

The objective is either:

1. A sale: the customer finds a product or service and clicks to purchase it.
2. A lead: the customer finds a product or service and clicks to move to the next stage, for example they request further information, a demo or a quote.
3. Information: the customer finds the information they need.

Value of the search objectives

The second step is to understand the total value that the searchable section of the site creates for your business.

Taking the above three objectives in turn:

For sales, the total value is simply the total value of all direct online sales.

For leads, the total value is the total value of the leads.

ONLINE SERVICE

There is also the role of online service provision, such as online banking. This is not included in these calculations as it is not the role of the search engine to provide this service: it would probably work equally well without site search.
Therefore, the business case for search within service provision sites must still rest on one or more of the three search objectives: sales, leads or information.

For information websites it can be more complicated.

If the objective of the site is to provide information in order to generate revenue through advertising sales and premium subscriptions, then the total revenue can be used in the same way that total sales works for a direct sales site. This number should be an average for a selected period of time (usually a financial year) because, unlike sales revenues, it is not directly linked to a successful conversion. If you allow fluctuations of advertising revenue to seep into your measure, then your site search numbers will not accurately reflect the value of the search engine.

A second option which works for sites which do not directly generate revenue is to make the assumption that the money invested in the site is equal to the value of the site. This means that if your organisation spends a total of €10,000 per month on site hosting, SEO, search, design, promotion, maintenance etc. then you can assume that someone somewhere has already made a robust business case that this investment is worthwhile and is measuring its effectiveness (if this is not so, then this assumption must be tentative and temporary!).

THE VALUE OF LEADS

This is usually a well-known metric is the sales business, each lead has a value assigned to it depending on its source.

It is calculated by adding up all the sales made from leads generated by the website, less any other steps in the conversion chain.

This latter part is important, if your leads are difficult to convert and this takes further resources (usually time and commission for sales teams), then that lead is less valuable and you cannot assign all the value created by the sale back to the website. To do so is misleading and could mean we concentrate resources in lead generation and not on lead conversion which could be where most value is added.

The Business Case 2
HOW TO DEFINE SUCCESSFUL CONVERSIONS

To know if your search engine is delivering the results, you must be sure that you can define what you mean by results.

This section looks at how you can define and measure "conversion" for any website.

WHAT IS SEARCH CONVERSION?

Usually we think of conversion as a successful sale. However, search conversion is about making the correct connection between the customer and the product (or information). The sale – the things we're measuring – is beyond the reach of the search engine and is influenced by many other factors.

So we need to be able to isolate the search performance and measure that the customer is being connected to the correct product or information, but because we cannot know if a customer is looking at the right thing, we must create conversion proxies.

CREATING CONVERSION PROXIES

The clearest way to know if the customer is looking at the product they intended to find is to track what they do next. Do they proceed to the relevant call to action (purchase, quote, demo etc.)?

This is fraught with problems:

- Many site visitors use the site for research. They may find exactly what they want (the site search did its job) but not buy now because they are still researching.
- Research has shown that many visitors may take up to 28 days before making their first purchase.
- There are many other factors which influence a purchase decision: price, customer reviews, delivery and returns policies, payment methods, security concerns ... nothing to do with search.
- Seasonal variation in demand. More sales will happen around holidays and special gift days such as Mothers Day or World Book Day.
- If the site does not include a call to action - such as informational sites, how do we know that it was the right information?

In order to apply the conversion proxy to the business case for search, we must be able to isolate performance due to search from other factors.

AVERAGE SALE

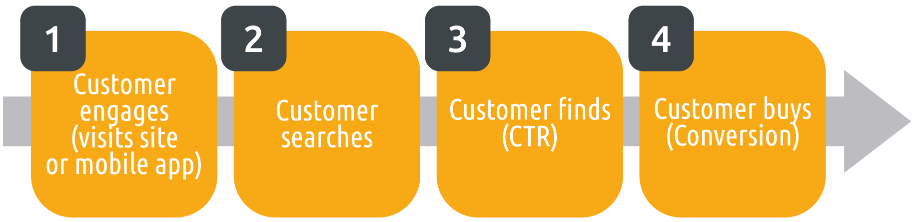
In addition to conversion rates, it is also useful to track the value of the average sale.

Sales driven by search tend to be higher than those from other methods. Good search should not only drive higher conversion rates, but also lead to more valuable sales as customers engage more with the site, return more often, and are attracted to related products and other search-driven features.

THE CUSTOMER JOURNEY

We do this by tracking the customer journey:

1. Number of site visitors
2. Number of searches
3. The CTR: are customers clicking through onto something
4. The conversion: are customers responding to the "call to action"



At each stage, variations in the above metrics can be explained by many variables, not just search engine performance.

Although the impact of search can be felt throughout the above process, to simplify we can focus only on conversion (4).

If (1), (2) and (3) are within the bounds of what we would expect, but (4) is off, then it suggests that either the customer is suddenly going to the wrong product, or there is a new obstacle to conversion, for example the price is no longer competitive.

To try to understand which it is, we need to look at what else happens after (3) if not conversion.

There are two alternatives to success:

- Failure: the user abandons the site.
- Repeat: the user tries again, searches for something different (an indication that they clicked the wrong thing).

If the user is put off by price, we'd expect to see failure rates sneak up, if the user is not finding what they want, we'd expect to see a rise in repeat rates.

This digging is worth doing even when the number seem to fit our expectations, just to be sure that multiple variables are not cancelling each other out.

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CONVERSION IN NON-SALES SITES

For sites which sell information, either by advertising, premium subscription or a non-revenue service (in which case it sells its service to whoever provides the funding), a call to action is not usually realistic.

We can try by including buttons which say "Did this answer your question?" or by monitoring how many users share via social media or bookmark the page, but most often this is just not sufficient, covering only a small percentage of visits.

That doesn't mean it shouldn't be used and promoted, just that it should be used alongside other metrics.

The relevant conversion proxy can be as simple as page hits, or page hits minus bounces.

A more sophisticated approach, is to look at engagement: the time spent on the page, and make the assumption that more time equals more engagement.

Exactly what you define as engagement will vary. Is 30 seconds enough? Is 5 hours really better than 5 minutes or does it mean someone just left their browser open?

Other measures can be factored in, such as social media sharing or "likes". The important thing is to ensure the metric is linked to the important user behaviour: the conversion. It cannot be linked to advertising revenues, for example, or total site hits (this is not conversion).

However you choose to construct your metric, you should get a number which describes a successful conversion in a way you can measure.

The Business Case 3

NARROWING THE FOCUS

Once we have defined conversion and limited the scope of the business case to the value generated by the search objectives, we need to narrow the business case down to just those areas where a new investment can make a difference.

WHAT IS SEARCH CONVERSION?

The next step is to factor in how many of your successful conversions come from search.

If you haven't got a measure for the percentage of conversions that come from search, you can estimate that conversions via search are usually twice those of non-search, and therefore two-thirds of your "success" will be from search (although this will vary by industry sector, numbers of products, ease to describe the product in user-language, other ways to find products etc.).

For example, if a website which provides information has 90% of its conversions from search, and we know that the organisation invests €10,000 per month on the information section (and has chosen this to represent the site's value), we can now say that €9,000 is generated via search.

In an e-commerce example, let's assume 60% of conversions come via search and total sales are €100,000 per month. We can now say that search adds €60,000 per month.

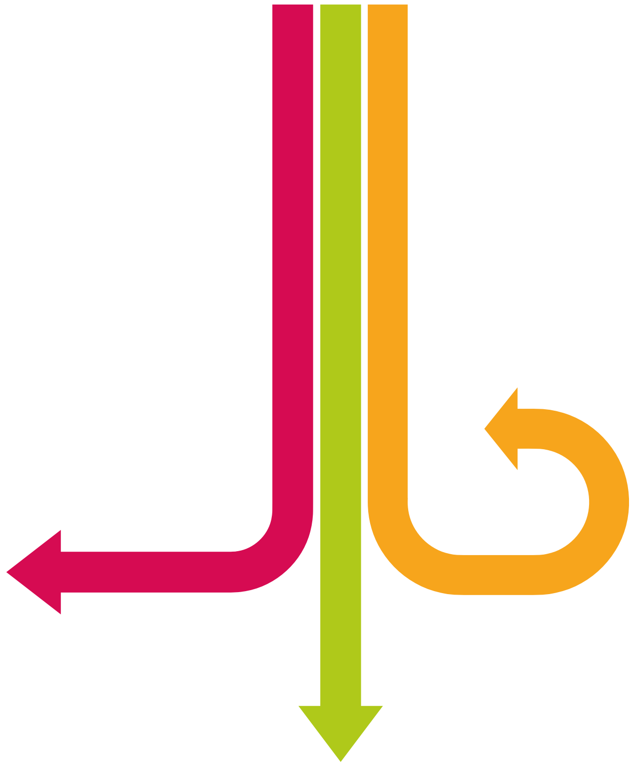
This is an important distinction, investing in your site search can only improve on sales that come from search!

WHERE IS **SEARCH FAILING**

We now need to differentiate between searches that are already working and those that are failing.

Three things can happen when a user searches:

1. Success: conversion!
2. Failure: the user gives up and abandons the search or, all too often, the entire site.
3. Repeat: The search is repeated with different terms or the results are refined.



For the purposes of this part of the analysis, we can ignore the last of these because they will be counted when they eventually stop repeating and either convert or abandon.

Usually a user who is forced to repeat their searches, time and again, is more likely to give up, so the negative impact of this repetition is captured in the higher failure rates.

Therefore, we can focus only on the ratio of conversions against abandonments, or success against failure. It is not recommended you do this for routine search performance metrics, only at this business case stage to keep things simple.

The Business Case 4

SO HOW MUCH IS SITE SEARCH WORTH?

If we assume that the search investment will deliver a fairly conservative improvement of 25%, we can arrive at a number which represents the value you should expect to see.

- The €9,000 value from search came from only 70% of the searches (the other 30% fail).
- The new search investment will reduce failures by 25%. 25% of 30% is 7.5%
- Therefore, we are pushing an extra 7.5% of searches through the middle of the funnel along with the original 70%. Adding these two together gives us 77.5%
- If 70% was worth €9,000 we can calculate how much 77.5% is worth if we assume the same conversion rate: €9,965
- This means that this investment should give us €965 added value per month.

For the ecommerce example, we apply the same logic. €60,000 comes from 70% of the searches, so 77.5% would give us €66,429 - or €6,429 in monthly added value.

Summary

In summary, putting the right numbers into the above logic leads to a good calculation of what to expect from investing in a quality site search solution in the short-term. This does not take into account intangible benefits such as how much you can improve engagement, increase frequency of visits and generally improve margins based on increased customer satisfaction. All of these things are likely, but can only be judged over the long-term.

A good search solution can also work as the foundation for mobile shopping, apps, and social media search tools. In investing in a good search platform now, you create a flexible foundation for future development. This benefit is also not included because it cannot be quantified in hard cash in the short-term.

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