



# THE ESA/T MARKETING SYSTEM

Four Steps to Improving Your Online ROI  
and Reducing Costs

**SPECIAL REPORT**  
by Dmitri Eroshenko

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## Introduction

**"Half the money I spend on advertising is wasted; the trouble is I don't know which half."**

*John Wanamaker, 1828-1922, US department store magnate and marketing pioneer.*

It's Saturday at your nearest big box department store. You walk in the door and instead of being met by a greeter, there are dozens of personal "trackers"; each customer entering the store is paired with his or her own tracker.

First, your tracker asks who referred you to the store or if you were attracted by the big, full-page ad in the weekend papers. He writes your answers on a clipboard and then shadows you as you shop.

Your tracker notes every item you put in your cart, every item you pick up and put back on the shelf. At the checkout, he records every purchase and how you paid. When you leave the store, he notes the duration of your visit.

When the data from all shoppers is merged, the store management will have a very accurate, very valuable picture of their customers' shopping habits. More specifically, they will have some excellent indicators on whether that expensive full-page ad paid off or not.

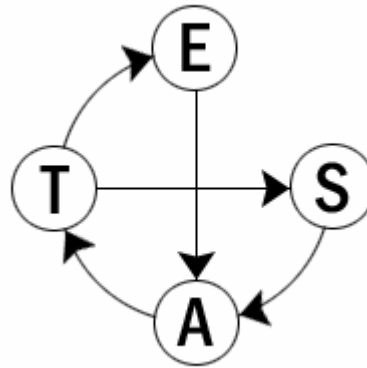
This in-store stalking would be a creepy scenario in the bricks-and-mortar world. But for an online business, it's a necessity.

## Meet ESA/T

Tracking your customers – even the ones that get away (especially the ones that get away!) – is a vital component of a proven technique pioneered by Clicklab known as **ESA/T**, which stands for **Enhance. Select. Analyze. Test**. And that is the subject of this report.

Clicklab marketing ROI specialists have developed **ESA/T** as a result of having helped hundreds of clients increase their Return on Investment (ROI) over the years. **ESA/T** picks up where Total Quality Management (TQM) principles leave off.

TQM is an established management practice of continually improving the quality of products or services by making refinements based on customer feedback. Its four-stage process is: Plan, Do, Check, and Act.



ESA/T promotes that same process of ongoing refinements – tweaking, if you will – but applies it specifically to the goal of improving marketing ROI.

The end result of the ESA/T process is to:

- **decrease advertising and marketing costs,**
- **increase your company’s revenues, and**
- **enhance the quality of your customers’ experience so they’ll be more inclined to buy and buy again.**

## The Four Simple Stages of ESA/T

Clicklab’s four-phase ESA/T cycle works like this:

1. Enhance the visitor’s experience of your web site. This will ensure the traffic being driven to the site can be converted into sales, prospects, or sign-ups.
2. Select traffic sources and marketing strategies. Choose a mix that works.
3. Analyze your tracking data and metrics (i.e. categories of traffic statistics). In other words, predict future behavior by examining past behavior.
4. Test and tweak to improve performance. Mission critical: Based on your metrics, find what isn’t working and fix it.

These four steps can be repeated over and over in an ascending spiral towards optimum marketing performance.

So you can see that improving your ROI isn't rocket science, although some would have you think so. It's a simple matter of understanding these four steps and applying them to your daily marketing efforts. Those already using this system are reaping the rewards.

## The Rewards of ESA/T

Practicing **ESA/T** techniques will be of immense value to your company because once you've learned how to select, monitor, and act upon the relevant metrics:

- You will increase your company's revenues by honing in on ad buys that increase traffic and sales and by eliminating the ones that don't.
- You will save time and money on fruitless trial and error, focus groups, and surveys trying to identify the causes of weak performance.
- You will improve your customers' experience of your web site and along with it, the strength of your brand and corporate image.

We've deliberately kept this report short, sweet, and jargon-free for your reading pleasure. However, if you should come across a term you aren't familiar with, there's a glossary at the end. We've also added several worksheets and checklists throughout the report so you can put the **ESA/T** process into action immediately.

Now, fetch yourself a cup of coffee and let's begin with Phase I: Enhancing the visitor's experience of your web site.

## Phase I of ESA/T: Enhancing the Visitor Experience

You're reading this report because you're interested in making the most of your marketing and advertising... in short, you care about ROI, as any responsible business owner or marketer should (unless they have buckets of money to throw away).

But before investing another cent in promoting your wares, we need to get your "house" in order. We need to make sure your web site is capable of converting all the nice, juicy traffic that's about to come its way into nice, juicy sales or leads.

If it's not, your ROI will look a lot more like WOI – Waste of Investment.

This section is about ensuring your traffic is welcomed into an environment that exudes credibility and professionalism, one that offers clear, speedy navigation, compelling content, and pleasant, easy-to-use e-commerce.

In other words, a web site that can sell.

## What Kind of Web Business Are You Running?

Knowing what type of web business you have will help you define the most effective ways to compel and sell to your visitors. It will also help you determine the kind of metrics you'll eventually use to track and evaluate your visitors as they wend their way through your site, which will in turn help you enhance their experience of it!

So, let's look at the main types of web sites. Some businesses fall into a specific category and some straddle several types:

1. **E-commerce sites:** These are sites that exist to sell product. It can be anything from handmade candles to highly specialized data. They might focus on impulse buys or try to capture leads in the run-up to a longer sales process for a big-ticket item or service. Almost all e-commerce companies

like to keep a close eye on metrics like conversion rates, revenues, and profit margins.

2. **Content sites:** Revenue is, of course, the bottom line in online media, too. But rather than concentrating on the direct path from sales to revenues, content-based sites are all about traffic. Traffic generates advertising revenues, paid membership subscriptions, downloads, and other income sources. Marketing managers of content sites pay special attention to metrics like page views, session length, unique visitors, and traffic sources.
3. **Service sites:** Professional services such as accounting, virtual assistants, and search engine optimization fall into this category. While these sites function differently from the e-commerce model, their common goal is to initiate the sales process by capturing leads. Here the measuring sticks are visit length, sign ups, and conversion rates.

Knowing which of the above categories your web business fits into will help you decide the best ways to make your online presence as persuasive and user-friendly as possible. It will also help you decide which metrics to use to measure your visitors' activity. More on that in Phase III: Analyze.

## How to Make Your Site Enticing and Persuasive

Web marketing gurus have a well-worn mantra: It takes seven or eight exposures to your marketing message before most customers will act upon it, whether that means buying a product or service or taking some other desired action.

So getting them to eyeball your site for the first time is just a baby step in the right direction. (That first step is often the result of good search engine optimization, advertising, and marketing. More on that later.)

After they've arrived at your site, getting them to make the long and perilous journey from window shopper to committed customer requires several conditions. For the purposes of this report, we'll assume you offer a quality product/service at a reasonable price. With those issues aside, then, here are the vital attributes of a web site that works:

- **Good web site design and usability.** The site needs to look professional and credible. Visitors need to be able to find what they're looking for fast and purchase or sign up easily. [Test your site against our Usability Checklist coming up.]
- **Strong content.** Your copy needs to be exciting, compelling, clear, and focused. It should adopt the correct tone for your target audience.
- **Sweeteners.** Incentives such as a free ebook, a no-obligation estimate, or a free sample can entice prospects to make initial contact with you.
- **Reasons to come back.** Reward your repeaters with: useful or entertaining content that's updated frequently; special offers; interactive features like forums on pertinent subjects; loyalty points or rewards.
- **Follow up.** Stay in contact with prospects either personally by sales staff or electronically by email.
- **Up selling.** It's easier and cheaper to make a second sale to a repeat customer than to win over a new customer.

## Web Site Checklists

Now that you know the basic elements of a visitor-pleasing, sales-producing web site, you can use the following series of checklists to determine how prepared your web site is to please and convert the maximum number of visitors.

### Usability Checklist

"Easy" is one of the most popular words in online marketing, right up there with "Free". That's because businesses have learned consumers prefer to shop where the process is made easy for them. And ease of use is what usability is all about.

The Neilson Norman Group studied the effects of usability on e-commerce conversions. They found that web sites that went from paying no attention to usability issues to making significant usability improvements **doubled their sales** or more.

You can use this list to check your site's usability:

- **General ease-of-use issues**

- Ensure your visitors can find the products and information they seek reasonably quickly.
- Make the shopping cart and checkout procedure clear and simple to use. (See our Shopping Cart Checklist, coming up.)
- Welcome international visitors by offering multiple languages.
- Don't force visitors to scroll horizontally to view pages.
- Test your usability, either formally or casually, with average users.

- **Design issues**

**Appearance:** Many people base buying decisions on the visual effect of a web site, therefore:

- Aim for a design that shows professionalism and credibility.
- Match your site's visual style to your target market's profile.
- Be consistent in using the company's logos and corporate identity.
- Put page elements where most users expect to find them, for example mastheads at the top, menus on the left.
- Avoid a crowded and confusing layout, opting instead for a design that draws the eye naturally from one element to the next.
- Don't make important page elements look like ads, for example a masthead logo that looks like a banner.
- Use only high quality images.

**Navigation:** Good navigation makes it easy for your customers to find what they're looking for. The more products you offer, the more challenging this is, so:

- Use menu names that clearly describe where the links take you.
- On every page provide links to your home page and other main pages.
- Make it easy for users to return to pages previously visited without resorting to the back button.
- Clearly indicate the next step in the process and provide a link.

- Consider creating a special page just for first-time visitors.
- Offer obvious links to your guarantee and policies.
- Use navigation by letter for alphabetical lists.
- Make the product hierarchy clear through your navigation.

**Text Layout:** How the words are laid out on the page greatly affects ease of use:

- Place the most important information in the most visible location.
  - Align the text flush to the left (rather than centered) for ease of reading.
  - Use a font size, style, and color that's easy on the eyes; generally dark font on light background is best.
  - Present the text in short paragraphs or bullet points with lots of white space.
  - Make all links clearly identifiable by, for example, using a different color font.
- **Content Issues:** What a site says is even more important than how it looks. Help your prospects make a buying decision by giving them just enough of the right information:
- Describe the purpose of your web site right on the home page.
  - Write clear and well-organized copy.
  - Offer sufficient information without repetition, wordiness, or hype.
  - Focus on benefits to the user rather than just listing product features.
  - Make the content – especially the headings and subheadings – exciting, passionate, and customer-oriented.
  - Use a tone that invites people in rather than keeping them at arms length. The “year end report” style of writing doesn't work on the web.
  - Only make statements that are true and verifiable. Offer proof when possible.
  - Include testimonials and a guarantee to instill confidence.
  - Use simple, conventional terms to describe product attributes such as color and size.
  - Don't hide your product prices or other vital information.

- Clearly address and deflate any potential arguments against buying.
  - Be meticulous about spelling and grammar.
  - Remove outdated content immediately, especially items that are not available.
  - Don't substitute cleverness for helpfulness.
- **Internal Search Usability:** Your customers will appreciate the time saved by using your internal search engine to find your products, but only if it returns useful results:
    - Use a search program that gives only what the customer has asked for.
    - Use a search program with a high tolerance for errors that offers alternate spelling suggestions and multiple-word input.
    - Place a search box on each page instead of a link to a search page to save steps.
    - Research what your customers search for and use that information to streamline the buying process.
    - Provide special handling of frequent queries.
  - **Customer service issues**
    - Ensure your customer service team is accessible before, during, and after the sale, and in a variety of ways:
      - Email
      - Postal mail
      - Fax
      - Live online chat
      - Phone (toll free and international numbers)
    - Respond quickly, in 24 hours or less, to emails.
    - Train your CS team to provide the level of fast, competent service that consumers expect.
    - After the customer commits, but before delivery, send a note to reassure them that they have made a wise decision and explain why.
    - Inform them of any delays.
    - Contact the customer at least once after delivery to ensure satisfaction.

## Plugging Your Traffic Leaks

Imagine a leaky garden hose. The water pressure at the spigot may be strong (your web site's arriving traffic). But if there are dozens of

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holes down the length of the hose, the water (your visitors) will leak out along the way, greatly reducing the amount that makes it to the far end of the hose (sales/conversions).

Therefore, in web usability terms, leakage refers to the visitors who leave your site before making the commitment to buy or take other desired action. Many marketers use metrics and “click stream” behavior to locate these leaks. We’ll talk about metrics later in this report.

For now, here are some tips on how to deal with holes in the garden hose of your web site:

- Employ a tracking and analytics system, such as that offered by Clicklab, to follow your customers’ movements through your site and find out where they are leaving the sales/sign-up process. Then correct those areas.
- Use the least number of pages possible to take visitors from their arrival to their purchase, in the case of e-commerce sites.
- Ensure each page encourages the visitor to take an action: “Order Now.” “Click here for more information.” “Request your free gift now.” Ideally, these links should offer a strong benefit to compel a click-through.
- Make sure your shopping cart isn’t confusing. Use our checklist below.

## Shopping Cart Checklist

As mentioned earlier, leakage can happen at any stage of a prospect's visit to your site but it commonly occurs as a result of shopping cart abandonment.

Plug your e-commerce leaks with the help of this checklist, some of which is based upon feedback from Overture's advertisers:

- Tell shoppers early on about your shipping charges, taxes, and any other fees so they aren't surprised at the checkout. Similarly, if a product is out of stock, inform them on the product page, not the checkout page.

- Include "recalculate" or "update shopping cart content" functionality to make it easy for them to change the contents of their shopping cart, including quantities and colors/sizes of items, without having to click the back button or edit button.
- Design your shopping cart and checkout pages to fit "above the fold" - in the upper portion of a regular size screen, which saves users from scrolling down a lot. Remember, not everyone has a 21" monitor!
- Provide easy access to information visitors may want to know before purchasing, such as your return/refund policy, price matching policy, and guarantees. Configure these pages so they open in a new window, and alert shoppers that "this link will open a new window" so they know they won't lose their place in the shopping process if they click for help.
- Let shoppers know that you take security seriously:
  - Explain in detail your security policies and procedures.
  - Indicate that your online store is a secure HTTPS:// and SSL area, displaying the closed padlock image.
  - Indicate affiliation with any third party consumer or ratings organizations such as the Better Business Bureau, BizRate, etc.
  - Display satisfied customers' testimonials that indicate how secure and easy the shopping experience was.
- Ensure your online store's menu buttons are clearly named to indicate where they will take the user. Use commonly accepted labels/captions for the buttons and links so buyers can anticipate what's going to happen next.
- Allow customers to check out whenever they want or return to the store for more items. Provide one-click access to "begin checkout" page throughout your store.
- Display a brief summary of the shopping cart contents on every page of the store (upper/middle right position near the scroll bar is best.)
- Use a progress-indicating system ("Step 3 of 5") so shoppers always know where they are.
- Allow customers to sort their purchases by criteria they designate. If possible, add "save/bookmark products for future purchases" functionality.

- If billing and shipping information are the same, provide an option that automatically copies the data into the correct field.
- Use opt-in not opt-out when offering options that the customer has not selected. For example, if you want to add your customers to your database, invite them to opt in to your mailing list if they desire. Do not automatically add them to the list and then require them to remove themselves.
- Remember to up sell – in other words, recommend items related to those already in the shopping cart.
- If possible, provide live customer service chat capability from within the online store to offer immediate shopping assistance.

## Conclusion

So, how did your web site measure up against our checklists? We hope you found this chapter helpful in evaluating and improving your site's ability to please its visitors and convince them to do business with you.

Remember, even though we are presenting the four stages of **ESA/T** in sequence, you can and should return often to recheck and tweak any areas that need it, whenever they need it. Your ebusiness will continue to evolve so constant monitoring of its vital signs is imperative.

Now, stand up, stretch your legs, and take a few deep breaths. Things are going to get really interesting as we head into the next **ESA/T** phase: Select.

## Phase II of ESA/T: Select Marketing Strategy and Traffic Sources

Now that your web site is percolating along at optimum efficiency, it's time to start driving some highly motivated, targeted traffic to it.

Phase II of the **ESA/T** process is "S" – Select your marketing strategy and traffic sources.

There's a lot to choose from out there! Later in this section, we'll give you a worksheet and questionnaire to help you decide which traffic sources are most likely to give you a fair ROI for your marketing dollar. You will likely wind up using a customized – and fluctuating – blend that's just right for you.

For now, let's look at the main marketing and advertising strategies and what they do best.

### Marketing Strategies and Advertising Sources

**PPC:** Pay Per Click means the advertiser pays a predetermined amount for each prospect who clicks through to a web page, regardless of whether they buy anything or not. The per click rate can vary widely and is set when the insertion order is made. It can be applied to banners, pop ups, classified ads, and many other formats but is most commonly used with paid search engine listings.

A good strategy if... your business wants to build its traffic and exposure. Since you're paying simply to get prospects to your page, PPC is a useful way to increase brand awareness, and make initial contact with potential customers.

**PPL/PPS:** In Pay Per Lead and Pay Per Sale advertising, the advertiser pays a set amount for each prospect who either makes contact by, for example, filling out a form (PPL) or who clicks through and makes a purchase (PPS).

A good strategy if... you have an affiliate program (see Affiliate Programs below). Most referral programs pay their members for each lead or sale they generate. Online casinos may be the most pervasive example of this. Thousands of gambling-related sites refer traffic to web casinos in exchange for a percentage of the revenues generated by each gambler who clicks through and makes a purchase.

**Paid Search:** These are ads that appear on search engine web pages. Google and Overture are the major players but other engines offer paid search inclusion as well.

A good strategy if... you want highly targeted traffic at a cost you can control. Some keywords can be purchased for just pennies a click. But very popular search terms will cost you more. For example, a dieting web site would find the PPC rates fairly high for keywords such as diet, weight loss, dieting, etc. because the demand for those search terms is so stiff. Alternatively, that site could use less popular keyword phrases or choose other traffic sources.

**SEO:** Search Engine Optimization (SEO) ensures the search engines recognize and rank your site as highly as possible, helping prospective customers to find it. Correct SEO procedures include determining the best keyword phrases (KWP) for your product or service, optimizing the HTML tags and the copy, establishing incoming links from other sites, and ensuring your site design allows search engine spiders to read your relevant data.

A good strategy if... you have someone on staff who can do SEO competently or you have the budget to outsource it to an SEO specialist.

SEO is especially effective if you offer a product/service with healthy demand and relatively little competition for your chosen keywords. Take, for example, a site that sells consumer electronics. There would be a wide range of keywords for all the myriad brands and model names, so competition for those keywords would be manageable, making SEO a productive strategy.

Make no mistake, optimizing for the search engines is always wise. It's just easier to get high rankings for some categories of products and for some keywords, than others.

**Price Comparison Portals:** Sites comparing prices on the same products from different vendors have been around forever, but only recently gained real popularity and momentum. In addition to prices, these comparison portals often display customer satisfaction ratings for participating stores.

A good strategy if... you can afford to compete on price and are sure that your customer service is at least as good as your competitors'.

**Link exchanges, incoming links:** Since Google and many other search engines base your ranking in part on the number of sites that link to yours, it's very important to build alliances with other ebusinesses that offer related products or services. The bonus is that you will also get some traffic directly from your link exchange partners.

A good strategy if... you want to get more traffic to your site while improving your rankings in the major search engines. For instance, a travel information portal could establish link exchanges with local chambers of commerce. This strategy can be applied to almost every web business.

**Email newsletter text ads:** Classified text ads placed in the right ezine can outperform banner ads and are much cheaper. The goal is to generate click-throughs to a landing page where the actual sales message is located. Rates are normally based on circulation.

A good strategy if... you're on a limited budget and can find relevant vehicles that hit your target market. Having a promotional gift or other freebie works well to get attention and get the clicks.

**Sponsorships:** This style of promotion indicates a special relationship between the advertiser and the web site, and it offers a higher profile than traditional advertising. The advertiser could sponsor an entire issue of a newsletter or a web page.

A good strategy if... you have developed a fruitful relationship with a particular advertising vendor, or if you want your message displayed adjacent to specific content. For example, the dieting site could sponsor a special edition of a health-related newsletter focusing on eating disorders. Sponsorship is more expensive than a

basic ad but can be very good for branding and creating a positive corporate image.

**Article writing:** Write an article in your area of expertise then distribute it online to email groups, publishers, and article lists. Every newsletter publisher needs quality content. If they pick up your article, you get several lines at the end to promote yourself. It's a triple whammy: free advertising, free incoming links to your site, and it establishes you as a knowledgeable source in your field.

A good strategy if... you can write or afford to contract a writer to prepare an article using journalistic principles. Distributing it can be time-consuming but once you create a network of publishers who want your material, you can feed them a steady stream of quality articles thereby getting regular free exposure.

For instance, the dieting web site mentioned earlier is run by two women who both overcame weight problems. Distributing a well-written article based on their personal stories could attract new traffic to their site while establishing them as dieting experts.

**Press releases:** Send a press release to local and/or national newspapers, magazines, broadcast media and web media but make sure you have something newsy to say. Look for an angle that feeds into something people are talking about or will talk about. Upload the release to your site and to online press release services for more exposure and valuable incoming links.

A good strategy if... you have an announcement to make or you can link your company to a current event or trend. For example, if the travel information portal learns that 75 percent of all visitors conducting a search at their site are looking for pet-friendly accommodations versus 35 percent the year before, they could issue a press release focusing on the growing number of Americans taking their pets on vacation with them. Whether you run a small local company or a large multi-national corporation, press releases are a worthwhile marketing strategy.

**Affiliate Programs:** Also known as referral programs, reseller programs, and associate programs, they recruit people to promote your product on their web sites. In exchange, they usually receive a percentage or a flat fee for leads or sales.

A good strategy if... your product/service lends itself to a referral model and you have the time and resources to handle the additional accounting, reseller recruiting, and customer relations. The cell phone battery and accessory vendor mentioned earlier might find it difficult to recruit affiliates. The dieting site, on the other hand, has a busy referral program that pays 15 percent commission for each new member sent to their site from an affiliate. If your product category is in heavy demand, an affiliate program can push sales to the next level.

**Rented Opt-In Lists:** Not spam, these are lists of people who have agreed to receive commercial email messages.

A good strategy if... your service/product falls into a high interest category. For example, the dieting site mentioned earlier could promote itself to mailing lists geared towards the fitness-conscious and the health-conscious. It is relatively easy to rent opt-in lists of people interested in “hot” topics like dieting. Only use a list that’s highly targeted to your market, and do a test run to make sure it’s a quality database.

**Offline Promotions:** Driving traffic to your web site from offline sources can be a valuable part of your campaign. These include newspaper ads, direct mail, brochures and flyers, broadcast media, outdoor advertising, business cards, promotional gifts like pens and mugs, and displaying your wares at exhibitions.

A good strategy if... your company has a specific geographic target area or areas. For example, an Atlanta, Georgia-based photographer gets 90% of her business from the greater Atlanta area. So, while her web site serves her developing global audience, she spends most of her advertising budget on local newspaper ads, magnetic signs for her car, direct mail post cards, and showing her work at Georgia arts and crafts fairs.

## Six Steps to Selecting Your Sources

Feeling a bit overwhelmed by all the choices in that last section? Don’t despair. The following steps will guide you towards determining your marketing mix and traffic sources. We need your active participation here so please don’t skip over this part! (Feel

free to use the Traffic Sources Selection Worksheet provided at the end of this chapter to record your findings.)

1. Identify your target audience. This means creating a profile of your ideal prospect. For example, are you selling mainly to consumers (B2C) or other businesses (B2B)? What is their age group, gender, profession, education, income, location, hobbies, home ownership status, etc. Involve members of your staff and spend some time on this one; it's hugely important, as you'll come back to it again and again.
2. Develop a list of keyword phrases (KWP) that your target audience might use to search online for your products/services. Use the following free tools to get ideas of good KWPs and the numbers of people who are searching for them:

<http://inventory.overture.com/d/searchinventory/suggestion/>

<http://www.wordtracker.com> (click on free trial)

<https://adwords.google.com/select/main?cmd=KeywordSandbox>

TIP: The more people searching a given KWP, the better... it means there's a hot demand for that category of goods. Try to choose KWPs that are highly searched on but have relatively little competition. This will make it easier for your site to get ranked higher.

3. Now start plugging your shortlist of KWPs into a search engine such as Google and note the top sites that turn up. This is your competition. Study their advertising strategies by doing an advanced search on Google, which will show you the sites that link to your competitors:

[http://www.google.com/advanced\\_search](http://www.google.com/advanced_search)

This information will give you a selection of traffic sources that you can now consider for your own promotions. (Not just paid advertising but also link partners.)

4. Request advertising information and rates from the sites that interest you. Later in this section, we'll have a questionnaire you can use to "interview" the various traffic sources you're interested in and to record their responses for future comparison.

5. Develop a list of your company's internal resources:
  - a. Your marketing/advertising budget.
  - b. Your human resources. For example, are there people on staff who can write articles/press releases, do business development work, do search engine optimization, etc.? Or will you need to outsource that work?
  - c. Your time resources. Does your staff have the time, for instance, to manage an affiliate program?
6. Finalize a list of traffic sources you'd like to run tests on. The testing phase will be dealt with in Chapter IV, but suffice it to say the only way to ensure you've chosen the right marketing formula is to test, test, test.

## Traffic Sources Selection Worksheet

This worksheet will help you identify the best traffic sources for your needs and your budget. When you combine this worksheet with the data you collect in the traffic sources questionnaire that follows, a plan of action will begin to emerge that you can then carry over into the next chapter... Analysis.

- Describe your target audience (Feel free to use as much space as you need.):

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- List the keywords and keyword phrases you've chosen for your site:

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- List the average cost per click for these keywords on Overture and Google:

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- Describe the demographics targeted by the ad sources you've short listed. Do they match your target audience?

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- List as many relevant sites that would make suitable link partners and/or affiliate program candidates as you can (sites related to but not in competition with your business):

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- List five major competitors:

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- List the places where your competitors advertise:

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- Determine what you can afford to pay for each new customer by following the formula given in the example below.

- Average revenue Company "X" earns per customer per year: approx. \$250
- Average customer lifetime (churn rate): two years
- Average total revenue earned from a customer over lifetime: \$500
- Profits earned on a customer over lifetime: \$200

In the example above, you can see that each new customer brings in \$500 in revenue and \$200 in profits (revenues minus costs) over the lifetime of that customer relationship. Now Company "X" is better equipped to

decide how much it can afford to spend to acquire a new customer. Now it's your turn:

- Average income your company earns per customer per year: \$\_\_\_\_\_
  - Average customer lifetime (churn rate): \_\_\_\_\_ years
  - Profits earned on this customer over his/her lifetime: \$\_\_\_\_\_
  - How much your company can spend to acquire this customer \$\_\_\_\_\_
- List the traffic sources you have selected to test:
    - \_\_\_\_\_
    - \_\_\_\_\_
    - \_\_\_\_\_
    - \_\_\_\_\_
    - \_\_\_\_\_

## Traffic Sources Questionnaire

We encourage you to use this questionnaire when you are requesting and compiling data from potential traffic sources. It will help you to organize your research and ensure that you're comparing apples with apples when it comes time to purchase advertising.

1. Name of traffic source:

\_\_\_\_\_

2. Traffic source's URL:

\_\_\_\_\_

3. Years in business: \_\_\_\_\_

4. Available ad placements: Do they offer PPC, PPS, PPL, CPM (cost per thousand impressions), flat-fee sponsorship, etc.:

\_\_\_\_\_

5. Cost of running an ad:

\_\_\_\_\_

6. Traffic volume: What are their stats on unique visitors per month and returning visitors per month:

- 
- 
7. Their typical visitor demographics:  

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  8. Where does their traffic come from? (Describe advertising sources and promotional strategies):  

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  9. What is the maximum traffic volume (visitors per day or month) the site is capable of generating from ads?  

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  10. Who are their advertisers? How many of them are repeat advertisers? Ask for a reference that you can contact.  

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## Conclusion:

In the next phase of the **ESA/T** cycle, *Analyze*, we're going to enter the enchanted kingdom of metrics and analytics. Do not be afraid! We're going to simplify it by showing you how to identify and use only the statistics you really need to track the visitor activity that's relevant to you.

Just as importantly, metrics will also reveal which of your marketing strategies are giving you a return on your investment.

## Phase III of ESA/T: Analyze Tracking Data and Metrics

This chapter will introduce you to the wonderful world of metrics. We'll show you how they can be used to evaluate and improve your marketing ROI, and how to determine which metrics will be most useful to your unique situation.

As we said at the beginning of this report, the best way to predict future buying behavior is to examine past buying behavior. That's the domain of analytics and metrics.

First, let's touch briefly on the mechanics of tracking.

### How does a web site track a user's actions?

HTTP, or Hypertext Transfer Protocol, is the system the Internet uses to transfer files and information on the web. Whenever you open your browser and either type in an address or click a link, you are using HTTP. The destination server receives your request and sends you the file/files on your screen. This transaction is recorded in the destination server's log.

The web site's server also places a cookie on your hard disk, which allows the server to store its information about you on your own computer. That's how a web site can collect and remember information about its visitors for future use.

Plus, if a third-party tracking/analytics service like Clicklab is being used, a piece of code has been inserted into all the web site's links. Each time you click on those special links, the action is intercepted and recorded by Clicklab so it can later be compiled into comprehensive traffic reports for the web site owner.

So information about your visit is being collected in as many as three places: your own machine, the destination server, and the third party server.

## What kind of information is being collected?

Web sites collect basic, primary data such as your IP address, the date and time of your visit, the page being viewed, the referring page address (where you clicked from), your browser type, your operating system (Windows, Linux, etc.), plus any information stored by their cookie on your hard drive from a previous visit. And that's just for starters!

The HTTP can also mine deeper to collect derivative data like:

- Number of unique visitors (different individuals who visit a web site)
- Number of returning visitors
- Page views per visitor
- Average visit duration.

But in order to be truly of value, an online business needs more specialized, meaningful data that's geared for its particular application. Data like:

- The number of orders placed
- Average dollar value per order
- Average revenue earned per visitor
- Number of sign-ups/registrations/contacts
- Number of specific page views like order forms
- Time elapsed between first visit and first order
- Visitors' paths through the site, etc.

This is the kind of tracking data that Clicklab and other professional traffic management products offer... highly customized metrics that measure exactly what you need to know to determine if your site is working (i.e. no leaks), if your advertising is working, and if not, what to do about it.

## Is tracking data 100% reliable?

Tracking technology comes with certain constraints. If you know what they are, you can react to them and adjust your interpretation of your stats accordingly.

Here are the main factors that can skew your data:

- **Proxy servers.** Online businesses often use proxy servers that operate between the employee at his/her workstation and the Internet. This allows the business to maintain control over the information being exchanged. It also distorts the tracking data being delivered. AOL also uses proxy servers, which means that stats from AOL users to your site will not be accurate.
- **Spiders.** Search engine robots that visit a site may be recorded in the logs as human visitors, but most analytics tools have filters that recognize the known spiders and delete them from the data.
- **Erased/disabled cookies.** When cookies are wiped from the user's hard drive, valuable information about returning visitors is lost to the tracking devices.
- **Shared or multiple computers.** If someone accesses a web site from two different computers, or if two people access the same site from one computer, tracking data will be skewed.
- **Frames.** Web sites built with frames tend to load three pages for every page actually viewed. That means page view stats will be artificially inflated.
- **Flash/dynamic sites.** These sites often have one URL for all pages, rendering tracking data virtually useless.

So, what can you do to overcome these tracking pitfalls?

## Watch the Trends

Remember... crunching the raw numbers isn't as important as monitoring the changes in those numbers. In other words, even if your analytics are underreporting due to AOL proxy servers or other factors, they will **consistently** underreport every day so observing the trends rather than the numbers will give you a valid indication of how successful your campaign was.

The solution is to define a set of metrics you want to use and stick with it for the duration, resisting the urge to switch tactics midstream. If you hold the course, you negate the effects of the skewing factors mentioned above.

## Selecting the Right Metrics

First, let's eliminate the metrics you will likely never use. Your web server logs are as busy as packrats, collecting and hoarding irrelevant data: the browser type and operating system used by your visitors, the screen resolution they prefer, and dozens of bits of trivia that may be meaningful to someone out there... but not you.

On the other hand, when you use a professional tracking and analysis product like Clicklab, they work with your company to decide exactly which narrowly-defined data will be recorded and how it will be presented. That way you don't have to look at numbers that have no meaning, only numbers that speak directly to your bottom line.

### Actionable Metrics

"Actionable metrics" are the stats you want to focus on because they not only provide you with a clear statistical picture of what your visitors are doing, but they direct you towards any action that may be necessary.

For instance, what if visits to your order page take a nosedive? With actionable metrics, you'll know where to look for the problem and what to do about it. If click-throughs to a landing page take off suddenly, your metrics will show you which traffic source was responsible.

Your actionable metrics will be different from anyone else's. As mentioned in Phase II Enhance, sites that are content-based (for example, media sites and directories) will likely focus on metrics like page views, session length, sign-ups, and traffic sources. E-commerce metrics include conversion rates, order rates, and revenues per visitor.

But there is also considerable sharing of metrics across the frontiers of these two models. After all, content sites have to make a profit to survive and e-commerce sites have to provide good content in order to satisfy their visitors.

Let's return to our three sample web businesses and find out which metrics they rely on and why. As you read these sections, think about which scenario most resembles your own and which of the metrics mentioned might be useful for your business.

### Discount Computer Memory Store

This is the classic e-commerce web site. Online shoppers usually come here to get a RAM for a specific model; they want to find it, order it, and get it as easily and cheaply as possible. The site's main goal is to sell as many items as possible while maintaining high levels of customer service.

Its marketing team tracks and monitors these e-commerce metrics:

- **Unique visitors.** The success of a marketing campaign can be determined by an increase in the number of individual users coming to the site (not including repeat visits) and also by the number of...
- **Orders placed.**
- **Conversion Rate.** This metric shows what percentage of visitors made a purchase and is a good indicator of how well the site is capable of selling.
- **Page views per visitor.** Low page views are advantageous if those visits result in an order... it indicates the shopping process is straightforward and fast. But if visitors are bailing out after viewing just one or two pages, that's an indication that either the site is failing in the usability department (leakage), or the traffic sources may not be sufficiently targeted. Therefore, page views are a very useful metric for the e-commerce model.
- **Total revenues.** Reveals how much each campaign generated.
- **Revenue per visitor.** Compares the amount of revenue generated by each visitor with the acquisition cost per visitor. This metric allows management to determine the viability of its marketing strategies and/or traffic sources.

### Dieting Membership Site

This site earns its revenues by selling memberships and diet products. Users pay a flat fee to gain access to the members-only

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area and for other personalized services. The metrics used by this business would be pertinent to most membership-driven sites.

- **Number of new visitors.** This site gets two kinds of visitors: current members and new visitors. Tracking new visitor metrics can reveal the effectiveness of an ad campaign.
- **Current members' visits.** Knowing how often members drop in to the site tells management how compelling their content is and how frequently to contact members to prompt another visit.
- **Page views per visitor.** As in the computer memory example earlier, this metric can be used to determine the optimum number of page views needed to generate a purchase or registration and use that as a guideline for site design.
- **Members' orders.** These are purchases of dieting products by existing members.
- **New visitor orders.** Purchases of dieting products by new sign-ups.
- **Revenue per repeat visitor.** Revenue generated over the lifetime of each member can be compared with the cost of acquiring that member to determine the viability of marketing strategies and traffic sources.

## Travel Directory

This is a directory of travel deals and discount itineraries where visitors are encouraged to browse the many pages and either request more information or make a reservation. The guide earns its keep through paid directory listings by travel agents and tour operators and third-party paid advertising.

This is a content-driven site with no tangible products for sale. So standard e-commerce measurements like orders and revenue per visitor are replaced by metrics like these:

- **Unique visitors.** Knowing how many unique users are coming to the site indicates its overall popularity and the effectiveness of its advertising.
- **Page views per visitor.** In a directory site, a high page view number usually indicates strong visitor interest in the content and in acting upon it.

- **Specific page views.** Management keeps a close eye on action pages like the reservations page and contact form to determine the quality of traffic being driven to the site. They also watch how much traffic each advertiser listing receives to help direct their marketing approach.

## Conclusion

We hope this chapter has given you an understanding of how important metrics are to your e-business' success. Have you been able to pinpoint the metrics most appropriate for your situation?

In the next chapter, IV Test and Tweak, you'll learn how to use the information that you get from metrics to make improvements to your web site's usability and to your marketing campaigns. And you'll see how this process brings us full circle to the first ESA/T phases: Enhance your visitors' experience and Select marketing strategies and traffic sources that work.

Let the testing and tweaking commence!

## Phase IV of ESA/T: Test and Tweak

Do you remember the last time you started to buy something online and didn't finish the purchase? Remember the reason why? It was likely because the checkout process was confusing, didn't answer your questions, or just took too long.

If the people behind the scenes at that web site had been using the ESA/T principles, especially Test and Tweak, you likely would have completed your purchase and would be enjoying it today. Instead, that business not only lost a sale but likely lost you as a customer forever.

Don't let this happen to your e-business. In this chapter, we're going to bring to a head everything we've been talking about so far in this report.

We're going to demonstrate how testing your site's usability (Phase I), traffic sources, and marketing strategies (Phase II) by using customized metrics (Phase III) will show you what needs to be tweaked (Phase IV) in order to improve your ROI.

Nice and circular, yes?

To illustrate how this works in the real world, let's turn to our three businesses from the previous chapters.

### Discount Computer Memory Store

You recall this is an e-commerce web site that markets a wide range of memory chips for desktop and laptop computers. One of their most closely observed metrics is specific page views, especially the pages in the checkout area.

**Test:** The marketing director has been observing his visitors' click stream behavior, in other words how they proceed from page to page within the site. She notices that during a specified time frame, 150 people viewed the "begin checkout" page, 140 people made it as far as the "billing information" page, 135 reached "preview the order", but only 50 followed through and placed an order. These numbers tell the director there is a serious problem with his

"preview the order" page... a gusher of a leak in the garden hose of web traffic.

**Tweak:** If the director is familiar with **ESA/T**, she refers to our tips on usability and our shopping cart checklist (Phase I: Enhance) to help her deduce the possible reasons why visitors are abandoning their purchases. Is the call to action on the preview page unclear? Have visitors been told about the guarantee and the returns policy by the time they reach that page? Are there too many steps involved, exhausting visitors' patience?

One by one, she would plug the leaks by "tweaking" the problem areas. This should lead to an increase in shoppers arriving at the order page - an expectation he will need to test (and maybe tweak again) down the road.

## Dieting Site

Our dieting web site needs to expand its membership base to increase revenues. So it carefully tracks the number of new visitors to the site and monitors which traffic sources are responsible for generating the most memberships.

**Test:** The management has been using mainly banners and an affiliate program to direct traffic to the site. But they wanted to try pay-per-click search engine listings. The only way to determine if this is a good traffic source for them is to test it. So after a trial period of one month, they compared the new member acquisition results across all traffic sources, new and old.

**Tweak:** The analytics showed that, while paid search delivered a bit more traffic than banners, it cost considerably more due to high demand for the top keywords in the dieting business. Also, the amount of employee time needed to manage these ad buys was costing the company additional payroll. Based on cost per acquisition results, management decided to withdraw their PPC test, continue with banners and affiliate referrals, while testing other new traffic sources.

## Travel Directory

As a content site, our travel directory needs to know why some pages get more attention than others, so they can increase page views and guide visitors through the site and towards the reservations page. More reservations mean happy advertisers, which mean more revenue for the site.

**Test:** Every few weeks, the directory's home page highlights a different travel deal or itinerary. Advertisers pay extra to be featured in this position. This ad is linked to a detailed advertiser information page that in turn is linked to the reservations page. But some advertisers complained the home page ad wasn't worth the extra money since very few additional bookings resulted. A check of the page view numbers confirmed this.

**Tweak:** So the owners of the travel site began tweaking. He got his web designer to move the ad higher up on the home page above the fold, improve spotlight's graphics, and add a text description of the advertised deal. He then monitored click-through rate (CTR) to the information page for one month and compared them to the previous testing period. Sure enough, page views had gone up and so had reservations.

## Important Test and Tweak Tips

1. When monitoring changes to your metrics over time, ignore the numbers (45,693 unique visitors this month!) and instead watch the changes (15% more registrations this quarter over last). Then use these fluctuations as your basis for testing and tweaking.
2. Track each traffic source you're using over a consistent period of time. Resist the temptation to start tweaking your marketing campaign before the test is complete.
3. When the numbers indicate your web site needs tweaking, as in the travel site example above, remember to evaluate all usability issues that might be affecting visitors' experience of your site. (See Phase I, Enhance.)

## New Way of Thinking

The testing and tweaking you wind up doing to improve your site, your marketing campaigns, and ultimately your ROI, will be just as individual as your business and the metrics you choose to apply to it.

Our hope is that the examples given in this chapter will show you how to start thinking about the different ways you can evaluate and act upon your own “actionable metrics”.

## Conclusion

We at Clicklab hope you've enjoyed and gained something of value from this report. The final thought we'd like to leave you with is simply a reminder that the interpretation of traffic statistics and metrics is not so much science as art form.

Each e-merchant who embraces the **ESA/T** principles will end up adapting the many variables to his/her unique situation. There is no right or wrong here, just a set of best practices that have been proven over the years to vastly improve our clients' ROI.

Keep this report close at hand. You will find yourself reaching for it many times as you improve your own return on investment by **Enhancing, Selecting, Analyzing and Tweaking** your web marketing program. All the best!

## Clicklab: We are the Specialists in Marketing Efficiency

Throughout the preceding report, we referred to the importance of having a reliable means to track and measure the metrics that are relevant to your e-business. And how receiving too much of the wrong information has turned many marketers off traffic analytics... not a wise move in an aggressive online marketplace where you can bet your competitors are monitoring and analyzing their traffic.

Clicklab solves the “information glut” by providing the first no-nonsense web traffic analysis software: No confusing, irrelevant data, just the measurements that clearly show how your marketing efforts are performing:

The screenshot shows the Clicklab web interface. At the top, there is a navigation bar with tabs for Account Center, Site Manager, Access Control, Help & Support, Resale Partners, and Log Out. Below this is a secondary navigation bar with links for Summary, View Groups, Edit Groups, Add New Links, Preferences, Tracking Codes, and Logs. The main content area displays a dropdown menu for 'www.your-site.com' and a group selection 'Local Guides'. A sidebar on the left lists various links and their counts. The main content area features a table of statistics for the 'Local Guides' group, with columns for Name, Vis, Pgv, Pgv/Vis, AvgOrd, Tot Amt, Rev/Vis, Act, and Ord. The table includes a 'Total' row and rows for Alabama, Alaska, and California. Below the table are controls for selecting actions and moving items.

Name	Vis	Pgv	Pgv/Vis	AvgOrd	Tot Amt	Rev/Vis	Act	Ord
<b>Total</b>	<b>84</b>	<b>324</b>	<b>3.86</b>	<b>\$34.07</b>	<b>\$238.51</b>	<b>\$2.84</b>	<b>50</b>	<b>7</b>
<input type="checkbox"/> Alabama	26	93	3.58	\$33.90	\$67.80	\$2.61	12	2
<input type="checkbox"/> Alaska	7	17	2.43	\$0.00	\$0.00	\$0.00	0	0
<input type="checkbox"/> California	51	214	4.20	\$34.14	\$170.71	\$3.35	38	5

## We Track It All So You Don't Have To

Clicklab tracks every potential traffic source in your marketing program, including:

- PPC keywords,
- Search engine listings,
- Banners and text links,
- E-mail campaigns,
- Affiliate programs,
- Offline advertising, and more.

We also monitor each individual keyword or phrase so you can zero in on those that generate traffic and save money on those that don't.

The screenshot shows the Clicklab interface with a navigation menu and a summary page for a specific group. The main content area displays a table of advertising groups with their respective performance metrics.

Group	Vis	Pgv	Pgv/Vis	AvgOrd	Tot Amt	Rev/Vis	Act	Ord
<b>Total</b>	<b>10,294</b>	<b>34,825</b>	<b>3.38</b>	<b>\$43.12</b>	<b>\$15,997.91</b>	<b>\$1.55</b>	<b>2,703</b>	<b>432</b>
New	0	0	0.00	\$0.00	\$0.00	\$0.00	0	0
Unassigned	1,606	7,176	4.47	\$43.32	\$4,851.44	\$3.02	848	136
Google AdWor A	630	2,726	4.33	\$38.52	\$847.37	\$1.35	174	22
Google AdWor B	66	175	2.65	\$65.61	\$131.22	\$1.99	17	2
Overture A	162	445	2.75	\$30.76	\$246.07	\$1.52	51	8
Email Campaigns	16	99	6.19	\$34.90	\$34.90	\$2.18	7	1
Price Comparison	823	2,597	3.16	\$37.73	\$905.52	\$1.10	173	25
Affiliates	116	338	2.91	\$51.90	\$51.90	\$0.45	9	1
Reseller Program	73	185	2.53	\$72.84	\$72.84	\$1.00	5	1
Paid Inclusion	173	624	3.61	\$35.66	\$213.93	\$1.24	37	6
Yahoo!	199	372	1.87	\$0.00	\$0.00	\$0.00	18	0
Looksmart	10	19	1.90	\$0.00	\$0.00	\$0.00	0	0
Article & PR Links	63	181	2.87	\$37.37	\$37.37	\$0.59	6	1
SEO Results	549	1,384	2.52	\$51.00	\$408.03	\$0.74	68	8

## No Additional Hardware, Software, or Programming

Clicklab takes care of hosting the application so you don't need to invest in any software, programming, or additional staff. All you do is insert some simple coding into your web site to start gathering valuable data on your visitor activity and your ROI.

## The Most Affordable Investment You Can Make in Your Business

We can get you up and tracking in as little as two hours and for as little as \$50 a month. What you'll end up saving in unproductive advertising alone will more than pay for our services. Plus, you can look forward to a substantial increase in sales, revenues, satisfied customers, and saved time.

**"I like your product and find it extremely useful in determining real time traffic flow, advertising ROI and especially optimization objectives."** Paul Lionti, Connection Channel

**"We highly recommend Clicklab to any online business that needs a one stop e-commerce solution."** Coryon Redd,  
Cellphone Battery Warehouse

**"I use Clicklab to quickly eliminate the non-working portions of my clients' campaign portfolios."** Hank  
Dearden, 3D Technologies

## Contact Us

Feel free to contact Clicklab for more information about our services or the contents of this report.

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## Glossary

Marketing and Metrics Terms Used in This Report

**Acquisition Cost.** The marketing/advertising costs divided by the number of click-throughs or other desired actions equals the cost of acquiring each visitor/purchaser.

**Affiliate Programs.** Programs that recruit and pay web site owners a flat fee or percentage to sell a product/service on their sites or redirect traffic to the vendor.

**Click Stream.** The tracked path of pages a visitor takes through a web site.

**Cookies.** Small files of information that a server automatically places on your computer when you browse web sites. Cookies are stored on your hard drive where servers can access them when you return to sites you've been to before.

**CPM.** Cost Per Thousand impressions. Advertiser pays for the number of times ad is viewed, regardless of whether it is clicked on.

**CR.** Conversion Rate. The percentage of users who take a desired action, such as making a purchase or registering.

**ESA/T.** A four-phase process developed by Clicklab to help e-businesses evaluate and improve their marketing ROI. It consists of:

1. Enhancing the visitor's experience of your web site.
2. Selecting traffic sources and marketing strategies.
3. Analyzing your tracking data and metrics.
4. Testing and tweaking to improve performance.

**Frames.** The division of a web page layout into two or more parts that operate independently. These parts load simultaneously on the screen but often register on web logs as several different page views.

**HTTP.** Hypertext Transfer Protocol. The system the Internet uses to transfer files and information on the web. Whenever a web user

opens a browser and types in an address or clicks a link, HTTP is being used.

**KWP.** Keyword Phrase. The phrase typed into a search engine in order to begin an online search. Carefully selected KWPs should appear in a web site's content and HTML tags.

**Metrics.** Measurements of web site visitor activity over a given time period, including data such as page views, orders, conversion rate, etc.

**Page Views.** Also known as page impressions, the number of times a single HTML page is requested from a server.

**Paid Search.** Paid ads that appear on search engine or directory results pages, such as Yahoo's paid business listings.

**PPC.** Pay Per Click. The advertiser pays a predetermined amount for each prospect who clicks through to their web page. Mostly used by search engines such as Google Adwords.

**PPL/PPS.** Pay Per Lead and Pay Per Sale. The advertiser pays a set fee for each prospect who either makes contact (PPL) or makes a purchase (PPS).

**PPV.** Pay Per View. The most common ad selling arrangement used by larger web sites. Often sold on a CPM basis.

**Proxy Server.** A server that holds the most commonly accessed and recently used content from the web in order to provide quicker downloads for users and to increase server security. It operates between a web client and a web server.

**ROI.** Return On Investment is a measurement of revenue earned from an ad or marketing campaign compared to money spent on it.

**SEO.** Search Engine Optimization. A set of optimization techniques that help ensure search engines recognize and rank your site as highly as possible, so more searchers find it.

**Spiders.** Also known as crawlers or bots, these are programs that search the Internet looking for new resources and adding what they find to a database.

**TQM.** Total Quality Management. Practice of making ongoing improvements and refinements to products/services based on customer feedback and using the four-stage process of Plan, Do, Check, Act.

**Unique Visitors.** The individuals who visited a web site during a specified time period, not counting repeat visits.

**Usability.** A web site's ease of use, including factors such as logical navigation, clear content, a simple shopping cart procedure, etc.