**Three Secrets to Using Google Analytics for Measuring Your Website's ROI**

[J Kumar](http://www.entrepreneur.com/author/aj-kumar)

BY [AJ KUMAR](http://www.entrepreneur.com/author/aj-kumar) | February 26, 2012|



|  |  |  |  |
| --- | --- | --- | --- |
| |  |  |  | | --- | --- | --- | |  |  |  | |



[Google Analytics](http://www.entrepreneur.com/tag/1350) can provide a wealth of information about [your website](http://www.entrepreneur.com/ebusiness/index.html)'s usage and traffic. If you're using the program only to track the total number of visitors to your site, you aren't taking full advantage of its power.

One of the best ways to take Google Analytics to the next level is to track the return on investment (ROI) of the various traffic channels to your site.

To understand why ROI tracking is important, consider this example: You use [pay-per-click](http://www.entrepreneur.com/tag/954) advertising and [search engine optimization](http://www.entrepreneur.com/seo/index.html) to help drive visitors to your site where they can download a free report. If you know the average lifetime value -- or how much profit each customer generates for you over time -- of each pay-per-click customer who downloads your report is $100, you should make sure you aren't spending more than that in "per-click" traffic costs. Otherwise, you can lose money on every new client you attract.

On the other hand, if you also know that the lifetime valure of visitors who are coming from search engines is about $200 or more, you might decide either to improve the quality of your pay-per-click campaigns to bring in higher value customers or focus more on page optimization to increase your search traffic.

If you're only guessing at which visitor source is more valuable, you risk losing money on poorly planned campaigns or unprofitable traffic streams. Here are three ways to determine the ROI for each traffic source coming to your site:

**1. Enable Goals Tracking**  
Enable what's known as "goals tracking." Google Analytics offers four types of goals you can measure, and the one that's best for you will depend on your specific business model. The goal types include:

* **URL Destination:** In this case, your goal is reached whenever a visitor lands on your designated target page (for example, the "Thank You" page a visitor reaches after downloading the free report in our example).
* **Time on Site:**This goal type allows you to measure how much time visitors spend on your site and to test different variables to try to keep them around longer.
* **Pages per Visit:** If your aim is to get visitors to as many pages as possible on your site, this goal lets you track how much of your content each reader is seeing.
* **Events:** This goal type can be a little trickier to understand as it measures more complex indicators of visitor engagement. For example, you can use event goals to find out how long visitors spend watching your videos, how often they're sharing your site on social networks, and how often they download PDF reports or other files.

Once you've determined which goal types are right for your company, navigate to the Google Analytics dashboard, click on "Conversions" on the left side, and use the "Goals" menu to set up your specific site goals. The Google Analytics help section provides more details on how to set up each type of goal.

**2. Set Up Advanced Traffic Segments**  
As Google Analytics is gathering goals data, set up advanced traffic segments. These filters can allow you to separate the goal results by the various traffic sources sending visitors to your website.

To do this, navigate back to the "Standard Reporting" dashboard within your Google Analytics account and click on the "Advanced Segments" button just below the home icon. Google offers some standard traffic segments, or you can create your own using the "+New Custom Segment" button in the lower right-hand corner of the Advanced Segments window.

A few of the segments you'll want to consider creating include:

**Overall social media traffic.** Create the segment by "Source" and include all relevant social networking site URLs.  
**Social media traffic by site.** For example, Facebook versus Twitter versus Google+.  
**Traffic from Google.** Again, use the "Source" qualifier to filter out traffic coming from "Google."

Because your business model will determine which traffic segments are most relevant, experiment with the options in this section until you find the ones that provide the best information.

**3. Track ROI Performance Over Time**  
Navigate back to "Conversions" on your dashboard and apply the custom advanced segments you created to your goals data. Your goals tracking will then change to highlight results based on visitors from each traffic source.

By tracking this information over time, you should get a feel for the traffic sources that result in the highest ROI and overall profits for your company.

[](http://www.entrepreneur.com/author/aj-kumar)

[**AJ Kumar**](http://www.entrepreneur.com/author/aj-kumar)

[AJ Kumar](http://ajkumar.com/" \t "_blank) is co-founder of Single Grain, a [digital marketing agency](http://singlegrain.com/" \t "_blank) based in San Francisco. Single Grain specializes in helping startups and larger companies with search engine optimization, pay-per-click, social media and various other marketing strategies.

Read more: <http://www.entrepreneur.com/article/222947#ixzz2iaKnht9D>