

Measuring ROI for Usability

Can you imagine turning 3 seconds into \$1,400,000?

You have 30,000 users each processing 10 screens per day. Your fully loaded hourly rate is \$25 and you are open for business 230 days per year. If you save 3 seconds per screen, that's a savings of \$1,432,000 a year.

This type of ROI is meaningful for a large mortgage/finance company. If customer service screens are designed to enhance performance, it is clear that agents will save time on each call. It's easy to quantify the dollar savings and justify the investment.

But what makes a Web surfer change from a looker into a buyer? How do you quantify the ROI?

In a recent study NetRaker found that the primary success factors for e-commerce sites turned out to be usability issues:

- ease of use—this had a direct impact on the site's popularity
- organization and detail of content
- visual interaction
- guidance and direction—if you can't find it you can't buy it!
- brand elements
- site performance

They concluded that a 5% improvement on these measures could increase company revenues from 10 to 35%. For a company like Amazon.com, an investment of about \$200,000 could translate into an additional \$158 million in revenues.

“A company can and should know where it stands on key company Web site metrics that are meaningful to its site customers. This is knowledge that, upon application, is guaranteed to have a significant impact on a company's success measures.”

— from NetRaker report
Success Factors for Web Sites
NetRaker Corporation



Yes, you can measure the ROI of usability

What to look for:

- more frequent visits to your Web site
- increased return visits to your site
- users staying longer on your site
- increased sales
- decreased user errors
- decreased customer support costs
- reduced word-of-mouth complaints

Staples.com saw a 67% increase in customers who returned to the site after implementing HFI's usability principles in its “customer-driven” site. They also saw a 10% improvement in the ease of placing orders, overall purchasing experience, and likelihood of purchasing again. Online revenues went from \$94 million in 1999, to \$512 million after implementation of the new site design

Dell.com—after HFI and Dell completed a comprehensive redesign of the user-interface navigational structure, the site was launched in the fall of 1999. Revenue from online purchases went from \$1 million per day in September, 1998 to \$34 million per day in March, 2000.

To learn more about how HFI can help you improve the ROI of your Web site or Intranet —call us at 800-242-4480.

How to measure ROI for usability

from Eric Schaffer, Ph.D., CPE, founder and CEO
of Human Factors International, Inc.



If the application is used by customers (e.g., bill presentment web site)

1. Measure speed of task completion, error rate, self-evidency, and satisfaction.

If customers are frustrated, confused, and annoyed, they will tend to go to competitors' applications or use an alternative method. In an organization that is purchasing, your advocate who bought your facility will look bad, field complaints, and eventually reject your offering.

2. Measure conversion and depth of cart.

In many cases usage is important. It is very common for customers to start to complete a purchase, but abandon their cart due to confusion and frustration. In addition, the customer may find the initial purchase process so difficult that they purchase fewer things.

3. Measure client satisfaction after extended usage.

Word-of-mouth is very important to ongoing sales. If your customers' experience is not positive they will not say good things about your applications.

If the application is used in-house (e.g., customer service application)

1. Measure development and maintenance costs.

HFI says "If the user can't find it, the function is not there." If the application is not usable your staff may simply not take advantage of the facility. In this case the *entire* development and maintenance cost is lost.

2. Figure the total time your staff will spend on the application.

Usability work typically saves about 30% in task time. Do the math. Remember to use the real "loaded labor rates." This includes management time, training, software, hardware, etc. and will usually be about \$70-\$120 USD per hour or more. This could be more for new users.

3. Look at the error costs.

Usability work can reduce error rates, often by 10-20%. The cost of an error includes the consequences of the error, time to fix, and lost customer goodwill.

4. Consider the effect of the design on customer satisfaction.

In many cases the design forces customer-facing staff to attend to the interface, instead of your customers. The cost of this can be substantial.

HFI offers a full range of usability consulting and training services.

Our client list includes:

Agilent Technologies
Airborne Express
American Century
Ameritech
Blue Cross/Blue Shield
Chevron
Covad
Dell Computer
Deloitte Consulting
Ericsson Information Systems
FedEx
Fidelity Investments
Ford Motor Company
Guidant
Hewlett-Packard
IBM
Incyte Genomics
J.P. Morgan Chase & Co.
Library of Congress
McKesson HBOC
MCI
Motorola
National Institutes of Health
Nationwide
New York Life
Paychex
Prudential Life
Royal Bank of Canada
SAP America, Inc.
Social Security Administration
Southwestern Bell
Staples
TD Waterhouse
The Vanguard Group
U.S. Census Bureau
Wells Fargo

For more information on implementing usability:

<http://www.humanfactors.com/>