

Chapter 3

Identifying Growth Opportunities

‘Growth is never by mere chance, it is the result of forces working together.’

James Penney





Identifying Growth Opportunities



Identifying and evaluating the right online business is a key first step in the direction of acquisition. The next useful exercise that buyers should conduct to solidify their interest in a business is to look at potential growth opportunities they can exploit post sale. Many times these opportunities become the supporting arguments for going ahead with the eventual purchase.

This section outlines some of the main growth opportunities that buyers commonly implement successfully to grow their businesses within the first 12 months of ownership.



‘Growth is the only evidence of life.’

John Henry Newman

SIX GROWTH OPPORTUNITIES

- 1. On-site SEO**
Can identify surprising quick wins right away
- 2. Improve 3rd party terms**
Contact major advertising and affiliate partners to negotiate higher payouts
- 3. Mailing list**
Optimize emails to boost OR and CRs
- 4. Mobile optimization**
Can bring both conversion and SEO benefits
- 5. Increase trust signals**
Additional signals can reap major dividends
- 6. Optimize owner time**
Going passive can open up time for growth



Identifying Growth Opportunities

There are dozens if not hundreds of ways to grow the value of an online business. Naturally these vary with the type of business being reviewed (e.g. SaaS, AdSense), the niche and the specific situation. If reviewing the listing of a reputable broker, buyers should expect to see a dedicated section on opportunities for growth or at least some discussion of this in the seller questionnaire.

If that isn't the case then buyers should be sure to probe the seller on this, making it a **priority question** before present an offer for the business.

Buyers employ a vast range of strategies to either optimize the existing monetization of a business or grow its revenue further with new measures. Overleaf is a list of the six most common growth strategies with advice on how to deploy them for use.

1. On-site SEO

Conducting an on-site SEO audit is critical when first taking over a business but it can also pay dividends to review opportunities for improvement right away.

Some of the common SEO quick wins include:

Ensure title tags are optimized

Title tags are used on search engine result pages (seen as “snippets”). It is important that they are concise, relevant and easy to digest, so that users make the decision to **click on a search result**.

Google usually displays the first 50-60 characters of the title tag – ensure that your primary keyword is included within the snippet.

Ensure internal link structure provides optimal navigation

The **internal link structure** of your website is important for on-site navigation and usability, it also has a direct impact on page rank.

A **good rule of thumb** is that your site’s ‘click depth’ or number of times a user has to click on a link to get to the desired page, should be no more than three.

Submit a quality sitemap

Research conducted indicates that submitting a thorough XML Sitemap can push indexation levels from 24% to 68%, directly increasing traffic to your site.

Ensure meta titles/descriptions are optimized

Meta tags are arguably the most important element for on-site SEO, so take some time to learn to craft better meta descriptions.

The precise wording and structure used in meta titles/descriptions will impact clicks and visits to your site.

Use keywords intelligently, use a title that will engage the audience, keep it short and relevant (meta descriptions should be <90 characters).

Optimize speed

A website optimized for speed will have a dramatic improvement on conversions (latest data suggests 7% loss for each second delay) and also in search rankings

There are **numerous things** that can be done to increase slow load times including removing broken links, deleting spam and pending comments and optimizing images.

2. Improve 3rd Party Terms

Many online businesses are reliant on 3rd party relationships for revenue generation (e.g. affiliate, lead generation) or to provide services to them (e.g. hosting, advertising). If a buyer has a relationship with another partner or service provider that has superior economics, this can be an obvious quick and sometimes major win for the business being acquired.

A common example of this is with [Amazon Associates](#). Some business owners may only qualify for the lower commission tiers (4-5%) due to revenue produced from their single web property. However if the buyer has an existing portfolio of Amazon sites and is currently qualified for the higher tiers (7-8%) this can add significant upside to the business overnight.

Another similar example is with advertising networks. If the business is using AdSense and achieving a CPM of ~\$2.00 but the buyer has an existing portfolio with another network achieving a **higher CPM**, it makes sense to change (all things being equal) and reap the free upside.

The benefits are of course not limited to revenue generation. Some buyers can realize cost synergies through better or existing relationships with service providers like hosting, PPC, retargeting and merchant processors. Often these may seem small in % difference but with high volume usage and over the course of several months, the savings can add up into the thousands of dollars easily.

Number of Products Shipped/Downloaded in a Given Month**	Volume-Based Advertising Fee Rates for General Products
1-6	4.00%
7-30	6.00%
31-110	6.50%
111-320	7.00%
321-630	7.50%
631-1570	8.00%
1571-3130	8.25%
3131+	8.50%



‘There's only one growth strategy: work hard.’

William Hague

3. Mailing List

Email marketing can often be an afterthought for entrepreneurs growing their business from scratch but it offers a golden opportunity for buyers looking to find sustainable traffic and customers going forward. Many online businesses for sale boast email lists running into the tens of thousands that have run dormant for years. These lists are ideal for marketing new products and services to as well as discounts on previous offerings.

Buyers should see if the original owner has implemented a weekly or monthly newsletter and if not, look to roll one out. Newsletters are excellent tools for communicating new offerings as well as bringing traffic back to the site on a sustainable basis. Email traffic is some of the highest valued amongst buyers so ultimately improves the value of the business.

In the situation that emailing marketing is already being used, buyers should take care to evaluate the open and clickthrough rates of recent newsletters and benchmark against industry standards. If the numbers are significantly below, this could be an optimization opportunity. There are various things a buyer can do to improve email conversion rates such as **segmenting lists, personalizing content and making future promises**, so it makes sense to test these out.

4. Mobile Optimization

In April 2015, Google commenced the rollout of its mobile friendly update, affectionately titled “MobileGeddon”. Whilst the rollout affected seemingly fewer sites than previously thought it did spell an important sea change in the way that search engines perceive mobile friendly sites and more importantly how internet usage behavior patterns are changing. A recent **ComScore** report stated that in 2014 the average American consumer spent 7 out of 8 minutes of their media consumption on a mobile device.

Before considering a purchase, buyers would do well then to review the percentage of mobile traffic to the website (in Google Analytics) and evaluate the site’s appearance on mobile devices. Sometimes there are major traffic or monetization pages that are simply not well optimized for mobile which could be killing opportunity for greater revenue. Depending on the nature of the resign this can be a quick win or something rolled out over the first six months. There are various things a buyer can do to **optimize for mobile** such as using shorter forms, keeping font sizes consistent and adding sticky menus throughout.

5. Increase Trust Signals

Almost all online businesses rely on trust signals to convert users, be they SaaS (trials, testimonials), eCommerce (product reviews, shopping security) or content (a persona) and so opportunities to add these in if they are missing should be readily taken by buyers.

As an example it's quite common to see niche affiliate sites without an "about me" page. Adding one of these in can have a **surprisingly positive effect on conversions**, particularly if the website is rich in content reviews for especially technical products. Customers like to know that the website owner has a background and experience in the items they are reviewing.

Another example is with eCommerce businesses that don't adequately display shopping cart or information security. Simply adding in an SSL logo can have a very positive impact on conversions across the site. Obviously if the business is missing this entirely, then introducing SSL is an absolute must. It is also likely to have a **SEO benefit** on the business. Similarly, **customer product reviews** are a must so be sure to introduce and populate customer ratings across the site.

6. Optimize Owner Time

Optimizing the time that the current owner spends on the business is more of a lateral growth opportunity than working specifically on the website, but it can have a dramatic impact on the future of the business. The value of time should never be underestimated.

Often with owner managed businesses it can be apparent from the outside that the owner is spending too much time on tasks that could otherwise be outsourced at a reasonable cost, freeing up more time for the new owner to spend on marketing and exploiting other growth opportunities they have highlighted.

A common example of this is in customer support. Often with information product or SaaS businesses the owner can spend several hours a week in customer support forums, answering tickets and replying to emails. Many of the queries are consistent and therefore creating a customer support manual to respond with template answers can save significant time. Hiring a VA from **UpWork** (previously oDesk) or **eLance** to do this will free up more time to pursue growth elsewhere.

For advice on outsourcing successfully, see Chapter 6.

Thinking Longer Term

Over the 3-12 month time horizon, the options for growing an online business open up exponentially. Buyers have been known to find great success in many things including launching apps, pushing into international markets, expanding into physical items and developing new software features.

More vanilla growth strategies like increasing content posting, opening up affiliate programs and deploying PPC campaigns all return a good investment too.