



White paper

Why taking a bold approach to CRO pays off

The honey badger is a small yet fearless mammal found across Africa, the Middle East and India. It knows absolutely nothing about conversion rate optimisation (CRO), but that won't stop it piling into any challenge head on.

Research tells us that although companies are spending more than ever on CRO – and getting better results – marketers are still not satisfied. We say the time for timidity is over.

This white paper explains why you need to tackle the challenge of CRO with big, bold changes in order to see better results in website performance.

You'll also find real-life stories of how we took a bold approach to CRO and how it paid off for our clients.

RedEye

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Executive summary

Companies are more aware than ever of the importance of good conversion rate optimisation (CRO). However, the industry remains affected by three widespread issues: lack of resources, limited methodologies, and an unwillingness to be bold to improve the online user experience.

This white paper seeks to define what a successful CRO team and strategy look like, which methodologies are best used in which combinations, and why thinking big when it comes to testing and implementing changes can pay off faster and reap greater rewards.

Section one

Foreword

In April 2016, we worked with Econsultancy to produce the eighth Conversion Rate Optimization Report. The report surveyed 900 digital marketers and e-commerce professionals to understand the use and impact of conversion rate optimisation (CRO). It examines data to understand where the industry is still struggling, as well as what methods and techniques are yielding the best results.

This white paper aims to go further by outlining some of the best practices in the industry, presenting case studies to justify certain approaches, and helping you, the reader, understand how best to incorporate these practices as part of your own CRO efforts.

RedEye has more than 15 years' experience optimising websites for our clients to better meet their business needs. We know that no two websites will be the same, which is why we take an individual approach to each job, tailoring our services to suit the task in hand. We work across multiple sectors, including retail, finance, travel, publishing and leisure, giving us a broad overview of how CRO works for different industries.

Improving customer experience is at the heart of how we improve our clients' conversion rates. We are never afraid to challenge the status quo to help our clients become the leaders within their markets. We ran more than 500 A/B tests in 2016 alone and routinely generated tens of millions of pounds in incremental revenue.

We hope you find these insights helpful, and that you use them to inform your CRO strategy into 2018 and beyond. If you have any questions after reading this white paper, or would like to get in touch for any reason, we'd love to hear from you. Our contact details are on the back page.



Tasin Reza,
CRO Director at RedEye

Section two

The CRO industry – an overview

The desire is there, but the resources are lacking

Conversion rate optimisation is no longer a new science. Its benefits and practices are well understood by marketers and e-commerce professionals. According to the 2016 Conversion Rate Optimization Report, 90 per cent of businesses rate it as 'crucial' or 'important' to their overall digital marketing strategy – a figure that has remained steady for the past four years. More than 80 per cent said that their organisations have increased focus on CRO over the past five years.

Despite this acknowledgement of the importance of CRO, marketers are not always satisfied with its outcomes. Only 1 per cent of people surveyed are 'very satisfied', with around a quarter 'quite satisfied', and just under 10 per cent 'very unsatisfied'. This is despite the fact that more than 70 per cent of marketers have reported an improvement in online conversion rates over the 12 months to April 2016.

Where does this gap between expectation and outcome lie?

According to our research, there are three problem areas: budgets, people and strategy.

“According to the Econsultancy CRO Report, 73 per cent of companies that increased spend on CRO saw improved results.”

Budgets

Perhaps in recognition of the importance of CRO, and in reaction to results that fail to meet expectations, 54 per cent of companies expect to increase CRO budgets in the next year, and a further 43 per cent expect budgets to remain flat. The wider picture indicates further budget pressures. 43 per cent of marketers say that their companies restrict their budgets. According to the Econsultancy CRO Report, 73 per cent of companies that increased spend on CRO saw

improved results, indicating that more money could be the key. However, as this white paper will explore, a proper strategy and the right people are also significant factors in success.

People

One quarter of organisations surveyed don't have a member of staff who's directly responsible for improving conversion rates. This figure is down from 31 per cent the previous year. Of those with no dedicated CRO staff, more than one-third said that sales remained flat. On the other hand, 41 per cent of companies have more than one person responsible, and four-fifths of those reported an increase in sales. Lack of (human) resources consistently remains one of the biggest barriers to improving conversion rates, according to annual Conversion Rate Optimization Reports. Other research indicates that one-third of companies lack the staff needed to make the changes they would like to make to their marketing efforts.

But numbers of staff don't tell the full story. CRO done properly requires a range of skills and experience. Simply having someone responsible for CRO isn't enough. Many companies can't find the staff with a combination of expertise in fields such as user experience, analytics, A/B testing, and web development.

Strategy

According to the Conversion Rate Optimization Report, the proportion of companies taking a structured approach to conversion rate optimisation has been growing steadily since 2009 to just over 35 per cent today. Among companies that had seen a significant increase in sales, more than half were using a structured approach. The data suggests that a structured approach has a positive effect on revenue.

Methodology

Testing remains one of the most significant ways to improve conversion rates. That is, making changes to a website and testing it against an unchanged version of the site to measure improvements. A/B testing in particular was highlighted in the Econsultancy report as one of the most effective methods. Personalisation, customer journey analysis and segmentation, as well as content agility and checkout optimisation, are regarded as very effective.

Companies see more success when they invest in multiple methods in the right combination. The most effective approach combines three to five CRO methods, with the most effective combination being segmentation, usability testing and A/B testing. When employing nine methods or more, satisfaction rates were also high, although this may be beyond the budget and skills of most organisations, not to mention slower to execute and therefore, optimise.

This white paper will go into more detail about the methods available on page 15.

How we define changes

Simple

Text changes

Medium

Changes to multiple components on the same page

Complex

Changes to multiple components on multiple pages

Highly complex

Complete design and journey changes

Be brave

With greater investment and more people dedicated to CRO, companies can afford to be braver in their approaches. Research supports a CRO strategy based on frequent, complex testing. Around 64 per cent of companies run complex or highly complex tests, but only 10 per cent do so frequently. Of that 10 per cent, 36 per cent are satisfied with their conversion rates, compared to 22 per cent of those who rarely or never run complex tests. Frequent complex testers are also much more likely to see a 'significant increase' in conversion rate.

Running complex tests has never been easier. The growing range of tools available in the market makes it possible to conduct highly complex tests. As a result, businesses can try out what was previously unthinkable with their end users to see what works and what doesn't. Even if the test results are negative, having these results is still useful. The ability to fail fast, at a lower cost to the business than ever before, means that CRO professionals need to step up, be brave, and start making bigger changes for bigger impact.

So how do we do it?

Section three

Best practice in CRO

Laying the foundations

Strategy and budgeting

In times when marketing budgets are tight, it can help those responsible for CRO in an organisation to put forward a robust business case. Establishing a business case for CRO will also help reveal the basics of a strategy once budgets have been approved. Because CRO activities can be standardised, it is relatively easy to quantify the return on investment (ROI), and equally, the impact of not using CRO.

Calculating the cost of no CRO involves plotting the online revenue potential of a business over the next three years on a simple graph with the cost of getting additional traffic to achieve the revenue target.

The revenue potential should be derived from the following key metrics: traffic, conversion rate and average order value. Consider that your business has a revenue growth target of 20 per cent each year. To achieve this, you would require an additional growth of traffic, assuming you are not undertaking any CRO activity. You can increase traffic to the site which will incur additional cost to your pay-per-click or other campaign activities.

However, increasing the traffic alone might not be sufficient as this could only bring a proportion of the targeted revenue growth. You need to ensure that the new traffic coming in is converting at the same rate as before, or better. This is where CRO plays a crucial role by improving the performance of the current site and making the most of the increased traffic to achieve that additional revenue growth. Calculating the cost of getting additional traffic to the site in order to achieve that 20 per cent growth will help illustrate the cost of no CRO.

The next step is to assess which CRO methods are right for the case in hand. We'll go into more detail about these in the next section. Note that not all businesses have mature implementations of each method. Now is the time to ask questions.

- How many people can you dedicate to CRO?
- What skills do you need?
- Are you learning from blogs, white papers, conferences?
- Are you using a specialist CRO partner to help you?
- Do you have all the necessary technology needed to correctly execute your strategy?
- How do you expand CRO?
- Are you prioritising CRO on likely impact and ease of setup?
- Have you identified all the barriers to CRO?
- How will resources be paid for across different divisions of the business?
- What is the budget for technology and how is it secured?

Answering all these questions may be difficult at this stage, but after reading this white paper, you should have a better understanding of how to do so. This will give you some idea of the investment required, both in terms of money, and in any cultural, organisational, or technological changes that need to happen. The next step is to work out the return on that investment.

This will be unique for each organisation, but it should take into account website sales data from the previous 12 months and try to predict how this will rise across the site based on improved conversion rates. Predicting the improvement on conversion rates requires some experience, but many CRO agencies will calculate it based on the sector and how many tests can be carried out in a given period.

People

As demonstrated in our survey, companies say that lack of people significantly hinders their efforts to improve conversion rates. At its best, CRO is a team game, where experts work together to pool their skills, each role adding something to the process. Here is an example of a good teamsheet.



User experience
(UX) researchers



CRO
consultants



User interface
(UI) designers



Solutions
engineers



Data
analysts

UX researchers

These team members are concerned with the experience a user has when visiting a website, but may also have a wider role that covers all of a customer's interactions with a brand. Many UX researchers come from a psychology, human computer interaction (HCI), behavioural science or computer science background.

They understand user behaviour, and the logical steps involved in a user journey, as well as the visual, verbal and digital cues needed to help a user along that journey to complete a task. In a CRO context, they may help with the information architecture of a site, the layout of pages, and conduct research such as usability testing and customer journey analysis in the early stages of a CRO project.

CRO consultants

These come from a wide range of backgrounds. Some may have experience in the commercial world, others might have training in psychology or computer science, and increasingly, many have worked in data analysis. They combine these skills and apply them to CRO, predicting uplift, deciding which tests to run, working out predicted return on investment, and outlining a company's overall CRO strategy, including coming up with test ideas, analysing results and defining testing roadmaps.

UI designers

Usually coming from a purely graphic- or web-design background, UI designers are responsible for the visual layout of a web page, and will come up with visual changes needed to achieve better conversion rates.

Solutions engineers

In an agency like RedEye, solutions engineers are often seen as the master hackers. They have to implement changes to a customer's website in order for tests to be carried out. This usually involves working with unfamiliar code to create new variations. They must be familiar with a wide range of programming languages, web development frameworks, and backend hosting technology.

Data analysts

Any good CRO practitioner will base his or her decisions on data. Whether that's working out what to do, how to do it, when to do it, or why. Many will have training in mathematics, statistics or computer-science, and will be familiar with a wide range of statistics and data analysis software and tools used today.

A methodology that works

Step 1: establish your KPIs

This sounds like a basic step, but it's crucial, and will form the basis of any measures of success as your CRO project progresses. Agree what the key performance indicators (KPIs) will be. Is it increased sales? More newsletter sign-ups? More page or video views? More downloads? Each company will have its own desired outcomes and there's no one-size-fits-all approach to CRO that will cover every scenario.

Case study: holiday company

It's difficult to give accurate pricing information to visitors on travel sites, because the final price depends on the details of each user's booking.

However, users will often want to see a rough estimate of the costs of a holiday before continuing to explore a site. This company was displaying guide prices as

a per-person figure, but knew that this was inaccurate for families, and wanted a better way to represent break prices to encourage users to go further and book a holiday. After usability and A/B testing, the firm began showing prices for a family of four, increasing bookings by 26.55 per cent and revenue by 19.23 per cent.

CASE STUDY

01

Step 2: research and analysis

This is where the legwork comes in. UX researchers and CRO consultants will look at the current website and try to understand where its shortcomings lie in relation to the KPIs established in step 1. This often involves user testing, where test subjects are asked to perform certain tasks on the website, and their progress is monitored and analysed. Other techniques here include user questionnaires, analysis by UX and UI experts, and benchmarking against competitors. Data analysts and CRO consultants might also look at existing data from the website to see where user journeys were being interrupted, how long visitors spent on the site, what percentage of visitors abandoned their goods during their shop, and at what stage.

Multivariate testing (MVT)

This is a more complex form of A/B/n testing where multiple combinations of changes are tested at once. For example, if a page contains a header, a copy block, an image, and a call-to-action button, and each of those four elements has four variants, there is a total of $(4 \times 3 \times 2 \times 1) = 24$ possible combinations of content that can be tested. Multivariate testing splits the traffic 24 ways to test the best overall combination.

Care should be taken when using MVT. Often, many of the combinations of content will never go together anyway, so can be excluded from testing in the first place. In addition, splitting traffic into very small segments means tests have to run for longer to generate meaningful results. Perhaps because of this, MVT is becoming less popular as a CRO method.

Step 3: draw up prioritised list of tests

Once you've established where there is room for improvement, it's time to propose some changes. But before you implement any changes, you'll have to test them to see if they deliver the results you're expecting. A typical CRO project might have up to 200 tests to run through, so they will need to be prioritised.

This is based on four factors:



1. Predicted uplift based on evidence of where the ideas came from as well as how this will impact your customer journey and subsequent conversion rates.



2. Volume of traffic to that part of the website. The more traffic it sees, the greater the impact should be.



3. Technical feasibility - how easy or difficult it is to implement the test.



4. Business feasibility - how easy or difficult it is for the business to approve the idea, implement if the variation becomes a winner, and overcome any other internal barriers that the business might face.

Case study: holiday company

CASE STUDY

02

This company wanted to increase the number of customers paying for their car insurance monthly rather than annually. One suggestion was to make users select the monthly payment option before going on to enter any details for quote,

but this was found to have a significant negative impact on revenue. Within a week, it was able to stop the test and revert to the previous user journey, now armed with the knowledge of what not to do.

Step 4: build and run the tests

A prioritised list of tests gives a clear roadmap, and also allows quicker testing, because one test can begin as soon as another ends. Most tests will pit the current version of the site, known as the control (A), against one or more versions with the hypothesised change(s) (B, C, D, ... n). This is known as A/B/n testing, and forms the most important part of a CRO process. Incoming traffic is split between all the variants, including the control, to assess the performance and impact of the changes.

Case study: retail company

CASE STUDY

03

From a customer-experience perspective, this company was doing just about everything right, so to improve its conversion rates it needed to do something bold. It decided to tear up the rulebook and disrupt the customer purchasing journey.

Research revealed that when a customer was looking for an item, they would often be presented with hundreds of

products. Rather than do that, the company added pop-ups to ask the user details about the product they were looking for, which filtered out many of the unnecessary results. Interrupting the purchasing process would have been an unthinkable crime in UX just a few years ago, but it tested well in this use case, and generated the right results for this company.

Of course, each change will have to be built by engineers in order to be tested. It's important to remember the same good web development practices for CRO as it is for any other type of web development. Quality assurance (QA) is vital if the tests are to be meaningful. The changes must work across browsers, devices, and targeting conditions. It's good practice to run any test for a 24-hour trial period with only 10 per cent of traffic, to make sure there are no bugs and that it's behaving as predicted.

Step 5: acting on the results

Tests should run for a minimum of two weeks. They should generate results that are statistically significant, with any observed effects being consistent for at least a week. In some cases, changes could have little effect, but this doesn't mean that the test has been pointless. It could indicate that the area of the site where the test is taking place isn't a critical area for the user, so your focus should lie elsewhere. Then the analysis can begin to assess the impact of the change on business figures, generating some idea of ROI.

Case study: U.K. government department

The department wanted to develop its website as the single online home for all the U.K. Government's public-facing content and services. It designed a series of tests to investigate and optimise the user experience in sessions with potential end users across the country. Each round of testing resulted in a detailed report of

prioritised issues and recommendations, and led to a workshop between this and the other relevant government departments. As well as seeing an uplift in visitors of 290 per cent, the website won the Design of the Year award in April 2013.

CASE STUDY

04

As a rule, it's good to record all the ROI data in a calculator, which can show real-time feedback of CRO performance. It helps the business understand the value of CRO, and provides a good tool to conduct further testing, which should be reviewed by the business at least every quarter. Never consider CRO a finished project. As technology and user behaviour are constantly changing websites need to keep up in order to maintain their value.

Case study: fashion retailer

CASE STUDY

05

This maker of luxury bags and accessories was aware that precious time and effort can be wasted through failing to prioritise testing. It was looking for an efficient way to test its site in order to improve online conversion.

Following a full analysis of customer behaviour through usability testing and

data analysis, the firm embarked on a user-centred design project to redesign the payment pages on its website.

Since implementing the changes to the checkout process, checkout conversion increased by 10 per cent and checkout abandonment was reduced by 28 per cent compared to the previous year.

Think big

As detailed on page 9, modern CRO allows companies to think big when it comes to making changes. Complex changes, like redesigning the whole checkout process of an e-commerce site, for example, will almost always have a much greater impact than small changes such as changing the colour of a CTA button. The data seems to support this. Companies that run frequent complex tests – between two and five a month – are more satisfied than customers who rarely or never do.

While making these bold changes may seem daunting, implementing a proper CRO strategy, including having the right people, budget, and frameworks in place, allows companies to fail fast. This is because the structures are in place to quickly implement the right tests, quickly get results, and quickly take action based on those results. If a change has a negative impact on conversion rates, roll back that change and learn from the mistake.

Modern A/B/n testing tools give you the opportunity to combine many smaller changes into one bigger test for bigger impact and quicker ROI. CRO is not a guessing game. If research, testing and analysis can be done in a streamlined way, the chances of success become higher, and what might have been considered risky choices become sensible ones, if the data is there to justify them.

A common approach is progressive testing. This first involves making a large set of changes to an area of a website, for a 'quick win'. The changes can then be progressively scaled back and tested to find out which was the single most impactful change. It's a win-win situation because it generates improved KPIs quickly, but has a lower overall burden on the website team that has to implement the final changes.

Case study: gambling website

This odds comparison site wanted to find a way to increase sign-ups to its website, but following user testing, it became apparent that the sign-up and log-in call-to-action (CTA) buttons weren't easily found by users. It moved the sign-up and log-in options out of a dropdown menu and put them directly on the navigation

bar. The size of the search field was also reduced in order to accommodate their placement.

This generated a 406 per cent uplift in clicks on the sign-up CTA, and an 82 per cent increase in sign-ups.

CASE STUDY

06

Section four

Conclusions

Show me the honey!

The time for timidity in CRO is over. In a world where everyone recognises its importance, and most people are more than familiar with how to do it, the big rewards will go to companies who take a bold approach. Take inspiration from the honey badger and sink your teeth into CRO.

Define a strategy

When an organisation pulls together in pursuit of a common goal, it becomes easier to achieve. Make sure everyone within your company buys into your CRO strategy, and that it takes into account your organisational and financial particularities. Then constantly assess how your CRO efforts are progressing to ensure that you're in line with your goals.

Apply method to the madness

There are dozens of ways to improve conversion rates, and the methods you choose will depend on your organisation, but remember the best practice discussed earlier on. By methodically conducting research and running tests, you'll be in a better position to make informed decisions about changes.

Be honey badger brave

If you've got the last three things in place, you should be in a good position to get ahead of the competition by making bold changes to your website for improved performance. While others might be spending weeks making tiny tweaks or testing multiple variations that will never have an effect, use your insight to make fewer, bigger changes that will have a positive impact on your user experience.



RedEye

Now you have the
knowledge, it's time
to act.

If you'd like to talk to us to understand more about how a bold approach can help you improve the performance of your website, we'd love you to get in touch.



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