Heap

The Heap Guide to Conversion Rate Optimization (CRO)

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Introduction

Conversion Rate Optimization is the process of increasing the percentage of visitors to your digital properties who perform a desired action, known as a conversion. The ultimate conversion is making a sale, but it can be any step along the way, like opening an account, signing up for a service or newsletter, opting in to emails, etc. The more customers who successfully perform these actions, the more revenue for your company.

A wise man once said, “15 percent of nothing is nothing!”

A million visitors but zero customers makes a company unprofitable (and shareholders unhappy). But an optimized conversion process not only increases revenue, it keeps your business using resources efficiently by getting the most out of the users t*hat you already have*. Leveraging valuable insights about them is what turns visitors into paying customers.

Conversion rates will differ based on your business goals.

SaaS companies use CRO to get more people to sign up for trials or freemium offers, and direct existing customers to use more features in their products.

eCommerce companies use CRO to encourage users to add more items to their carts and go to the next step in the buying process.

Fintech companies use CRO to help users complete applications, use new features, modify their accounts, or change coverage smoothly.

Read on, and we’ll show you Heap’s strategies for increasing conversions on your site or app.

SECTION 01

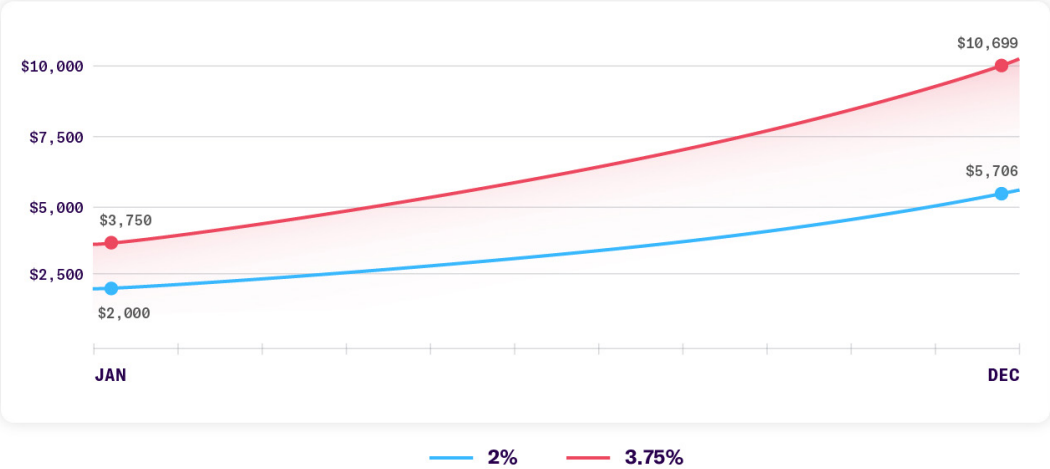
Why focus on Conversion Rate Optimization (CRO)?

Sure, CRO matters. If you're reading this book, you probably know that. But if you're trying to sell the power of CRO to other people in your organization, it might be worth reminding them of all the benefits a strong CRO strategy confers.

01 Make web traffic worth it

Lots of teams, especially marketing, invest time into increasing web traffic. But web traffic is only useful to the business if those users become buyers. Small increases in conversion rates can easily add up to hundreds and thousands of extra dollars for your business. If you're currently selling $1,000 per month in product, bumping your conversion rate from 1% to 2% would mean an increase to $2,000 per month. That's doubling your sales!

CR % = (# of visitors who convert) / (total # of visitors) * 100



The impact of CRO on revenue. If you're growing traffic/users 10% per month, increasing your conversion rate from 2% to 3.75% will nearly double revenue by the end of the year.

Types of Conversions

- **Making a purchase**
- **Submitting a form**
- **Signing up for a subscription** (trial, paid, or free)
- **Downloading an asset or app** (ebook, white paper, mobile app)
- **Upgrading a service**
- **Calling your business**
- **Registering on the site**
- **Using a feature**
- **Engaging with online chat**

02 Lower Acquisition Costs

CRO helps you lower the acquisition cost per customer, turning quantity into quality. CRO enables you to analyze your site and focus on getting the most out of your qualified traffic, instead of paying more to attract irrelevant visitors.

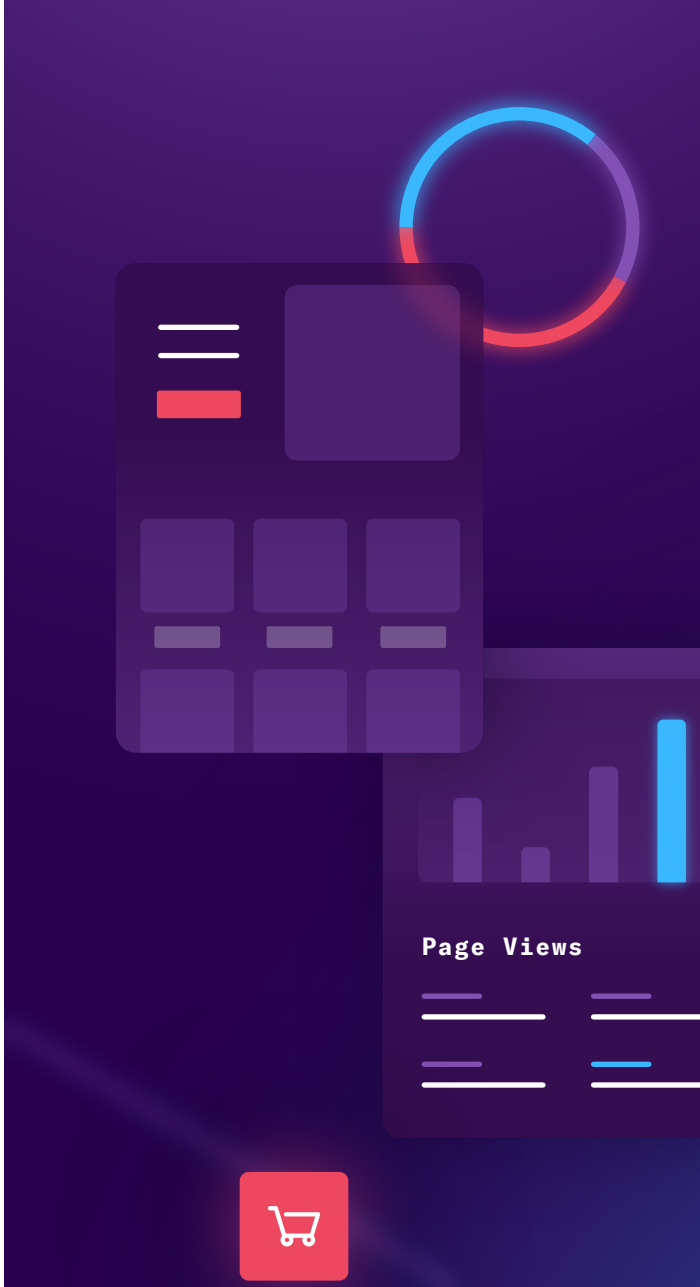
03 Improve User Experience

Doing CRO can give you better insight into your visitors' behavior. CRO tools such as funnel and path analysis put you inside the mind of your customers, telling you what pages people viewed, where they spent the most time, and what they were doing just before leaving. You can see which points in the customer journey lead to bottlenecks, and which pages perform the best. You can even break these analyses down by user segment. The result? An improved experience for all users, which breeds not only more conversions, but better brand loyalty.

04 Increase Retention

Positive user experiences tend to produce return visits. In eComm and Fintech, particularly, competition is fierce. There are often a glut of websites that sell similar products. Which do customers return to? Most often, the sites that are the most user-friendly.

In SaaS, CRO can be a powerful strategy for getting users to adopt product features they don't currently use, which helps them get more value from your product. More value equals better retention.



What about using Google Analytics for CRO?

Google Analytics was introduced in A.D. 2005, a million tech years ago. Back then, websites were simple and static. All that mattered was how many people came to your site, and how they got there.

Today's websites lead visitors through complicated, multi-directional journeys. Of course it's still important to capture web traffic data. But if you're interested in improving conversions while people are on your site, the critical information is how users behave there.

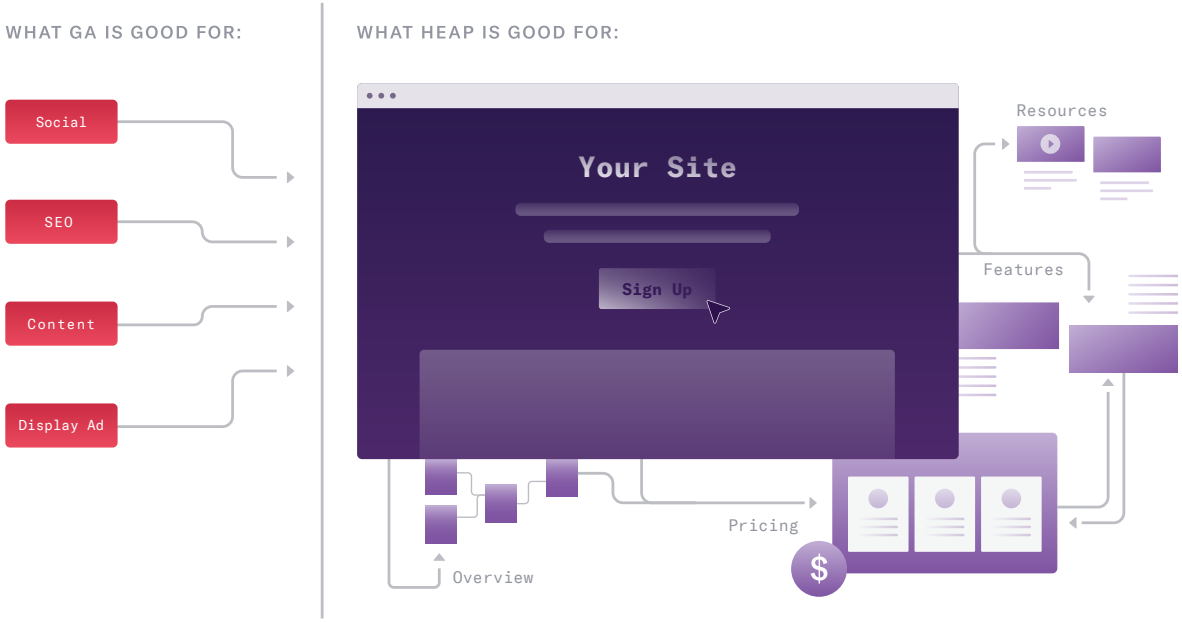
Google Analytics can't answer these questions. You can (and should) still use GA to measure ad spend and traffic. But for improving the user experience in your site or app, only true product analytics tools like Heap can provide you the information you need.

What do users click on most often? Where do they get stuck?

Which paths do they take, and which are most successful?

Which users convert most often?

What behaviors correlate with conversion?



CRO Best Practices

In the past, increasing conversion required deep intuitive knowledge about what worked and what didn't. Today "intuition" is being schooled by data—measurable, unassailable data.

If there's a single best practice for increasing conversion, it's this: **be scientific and methodical**. Don't run around making random guesses. Be smart: Make a hypothesis, measure and test the results, then repeat.

1. Collect data about your site
2. Set baseline numbers
3. Dig in to identify your biggest opportunities
4. Be creative and experiment

If you're worried that being scientific will stifle the artistry involved in designing a great user experience, don't. Being scientific gives you enormous room to be creative. But it also lets you accurately understand the effects of experiments, positive and negative.

Note that it's almost impossible to be scientific about CRO unless you're **capturing all user behavior automatically.** Paths, funnels, and behavioral segmentation (all of which we'll get into shortly) all work far better when you can see everything your users do. Without that complete dataset, it's easy to miss out on important actions, and too hard to drill down into the small moments that have a large impact.

A large part of the experimentation process is figuring out what you don't know. Without autocapture, it's nearly impossible to locate the "unknown unknowns" that you're not aware of, but which can dramatically change your business. When you have all customer data at your fingertips, you've got the entire haystack—good CRO is about finding the right needles in it.

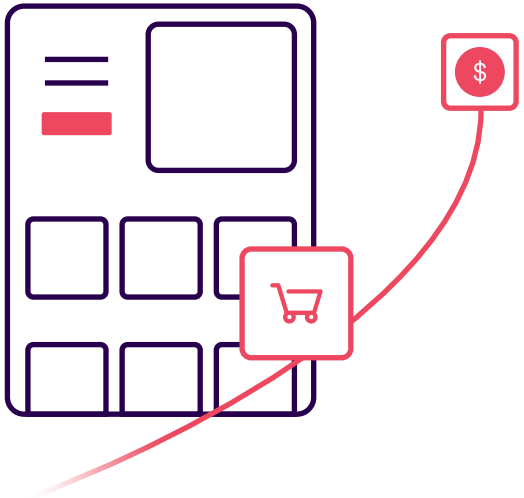
Top Ten Things to Experiment With

01 **Call-To-Actions (CTAs)**
02 **Website and messaging copy**
03 **Navigation and site structure**
04 **Page speed**
05 **Relevant imagery/brand logo**
06 **Landing page design**
07 **Value proposition of your product or service**
08 **Headlines**
09 **Offers and promotions**
10 **Mobile vs Desktop**

SECTION 02

CRO by industry

What "conversion" means and how you should go about improving it often varies depending on your business goals. Let's review CRO by industry.



CRO for eCommerce

The primary goal is usually making it easier for visitors to locate products they seek. If they can't find it, they can't buy it.

In general, eComm teams tend to focus on four stages in the customer journey:

01
Presenting the right products and getting users to add them to their cart

Show information about your product to customers in a way that compels them to want it. You can do CRO on web page elements such as design, images, reviews, messaging and copy to encourage more people to add products to their cart.

02
Raising the average order value (AOV)

Either you increase the average price of items in a user's shopping cart (i.e. get them to buy more expensive items), or you can increase the number of items the average user buys. Site flow and presentation can impact both of these tremendously.

03
Making it effortless to complete purchases

This is less about creative presentation, and more about locating moments of friction or difficulty. CRO efforts often focus on the payment flow: reviewing the cart, entering payment info, and dealing with shipping. Funnel and path analyses are crucial for identifying key dropoff points.

Is the payment process too complex? Are there hidden costs at the end, like excessive shipping charges? Are there integration issues with a third-party payment solution?

04
Bringing in the right customers

Behavioral analytics lets you segment users into groups according to who is most likely to convert. By tracking what people actually do in your product, you can identify group interests with significant accuracy. Once you've located a mother lode of potential customers, you can start sending them targeted marketing materials, coupons, and special offers.

Devices

Strategies for eCommerce CRO

Desktop vs mobile

If you experience different conversion rates, dig into the under performing experience to figure out why.

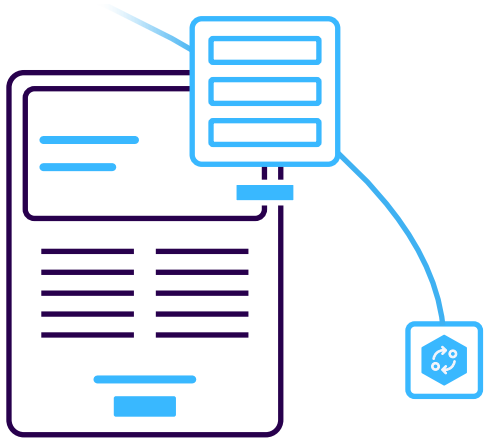
Are your users more mobile-focused than desktop?
Is your mobile experience not as well optimized?
Can visitors move easily from desktop to mobile while shopping?

Keep in mind that online shoppers want the experience to be seamless, fast and convenient. Make sure customers can easily find answers to their questions. Consider adding a chat feature—unanswered questions lead to conversion loss since many shoppers won't call customer support.

Encourage repeat purchases

Teams often focus so much on the initial purchase that they overlook enticing customers to come back. Create relationships with personalized web experiences—identify similar items they may like, and send offers or special pricing. When users return to your site and see things that interest them, they are more likely to purchase. A personalized web experience is vital to building brand trust with the customer and ultimately, increasing conversion rate.

CRO for SaaS



The ideal SaaS customer journey involves continuous growth, since the business model is built on creating relationships and lasting interactions with users.

For most SaaS companies, the primary conversion event is when a user buys a subscription to the product. Depending on price and complexity, the sales cycle can be long, and may involve a trial period and ongoing touchpoints, including interactions with salespeople.

That said, CRO in SaaS generally orients around three main moments:

01
Signing up for a free trial of the product

In this goal SaaS sites are similar to eComm sites: the goal is to show customers how they can get value from your product and get them excited about it. For Product-Led Growth companies, even ones with armies of salespeople, getting people into the free trial is considered the first major acquisition step. In a more complex product or sales process, the conversion event may be "get a demo."

For teams working on this goal, the key things to test are the standard website features: copy, CTAs, flow of information, design, messaging.

02
Converting users from free trial to a paid version of the product

You need to nurture potential customers while they are testing your product and get them over their learning curve as quickly as possible. Ideally your product will be intuitive, but good CRO strategies—particularly A/B testing—can be very useful in making sure your customers get value immediately. Depending on your product, in-app guides and chats may be helpful.

Customer segmentation—demographic and behavioral—is also your friend here. By segmenting customers to understand their interests and needs, you can direct your educational content and in-app guidance to best meet their needs.

03
Getting existing customers to renew paid subscriptions

When it comes to customer retention, get users to access key features that give them more value from the product. You want customers to get so much value from your product that it becomes something they can't live without.

The easiest way is to offer a great product, but SaaS products sometimes contain great features that people rarely use. In-app guides and recommendations can nudge users to explore. Think through your various user flows, and where you might insert new features into them.

CRO for Fintech

In Fintech conversions tend to be less frequent, but higher-value. For many Fintech companies, in fact, CRO is the whole game: the single point of many Fintech sites is to get people through the loan application funnel. And once they're through, they're done, usually for good! (Think about it: how often do you like to apply for insurance, or a mortgage, or a loan?)

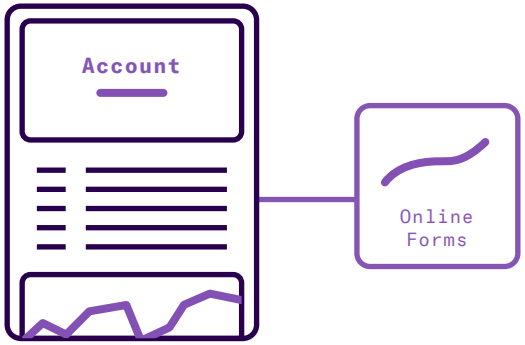
At the same time, Fintech conversions—at least the application conversions—tend to be difficult, and often involve many pages of forms. This can make conversion very much a game of micro-conversions. While you want to get people through the funnel, doing that often involves cleaning up each individual mini-step.

Unlike eCommerce, however, applications in Fintech often come with a twist, since many Fintech companies want to keep it slightly difficult to convert, to avoid getting bad leads. (Too easy and you'll get a lot of unqualified people applying, which makes you less efficient as a business.) So there's often lots of tweaking and testing involved.

All that said, in Fintech there are often three main categories of conversion funnels.

01
Applications and opening accounts

As described above, this step typically involves many pages of forms, and many small steps. It's worth noting that manually tagging every single one of these steps would be inordinately difficult. With a solution that autocaptures all these points (like Heap), it's far easier.



02
Helping customers complete tasks online, instead of calling in

For industries like insurance and healthcare where products are complicated and heavily regulated, people often call customer service to change coverage, submit claims, or otherwise modify their accounts. The problem is that call centers are expensive to maintain, especially as companies grow.

A better solution is to view those tasks as conversion funnels, and optimize your site so that completing them is straightforward for users. Doing this makes it more likely that customers will keep their information updated or their funds properly allocated. It also helps with branding, as consumers certainly appreciate being able to easily manage their insurance, or their mortgages, or their finances.

03
Adopting new features

The more companies go digital, the more they create new features for users: stock pickers, financial calculators, IRA option choosers. When adopted, these can add significant value to the user experience. As in SaaS, CRO is a great strategy for nudging users to use these features, and then to help them through.

SECTION 03

A Systematic Approach to Improving Conversion

Conversion rate is calculated by dividing the number of visitors who take the desired action by the total number of visitors to your site. Multiply by 100 to get the percentage rate. This is the way to establish your baseline numbers.

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CR % = (# of visitors who convert) / (total # of visitors) * 100
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One of the great things about conversion rate is that you can be as broad or specific as you need when searching for opportunities to improve. Identify moments where conversion is high so you can copy those moments across your site or app. And single out places where conversion is low so you can improve it!

Optimizing Conversion

We suggest you think of CRO like cooking. Start with some ingredients, taste, add a few more, then taste and tweak again. Maybe next time you try it with more lemon. Maybe your family hates that version, so you put the olives back in. The goal is constant improvement over time.

At Heap, we endorse the scientific approach to CRO. Identify areas of improvement, take baseline measurements, hypothesize, experiment, and measure some more.

We recommend taking regular looks at all of the following:

Overall conversion rate
(how well does your website convert traffic from all sources)

Page-level conversion rate
(which pages convert traffic better)

Ad conversion rate
(which ads drive more qualified traffic)

Channel conversion rate
(what traffic from a paid ad source is more likely to convert)

Keyword conversion rate
(keywords that performed well)

Campaign conversion rate
(targeting specific groups to improve conversion)

STEP 01 Define your conversion event

What's the critical action you want visitors to take?
Primary conversion events vary across industries and depend on context. Before tackling CRO, define what matters most to your team and product.

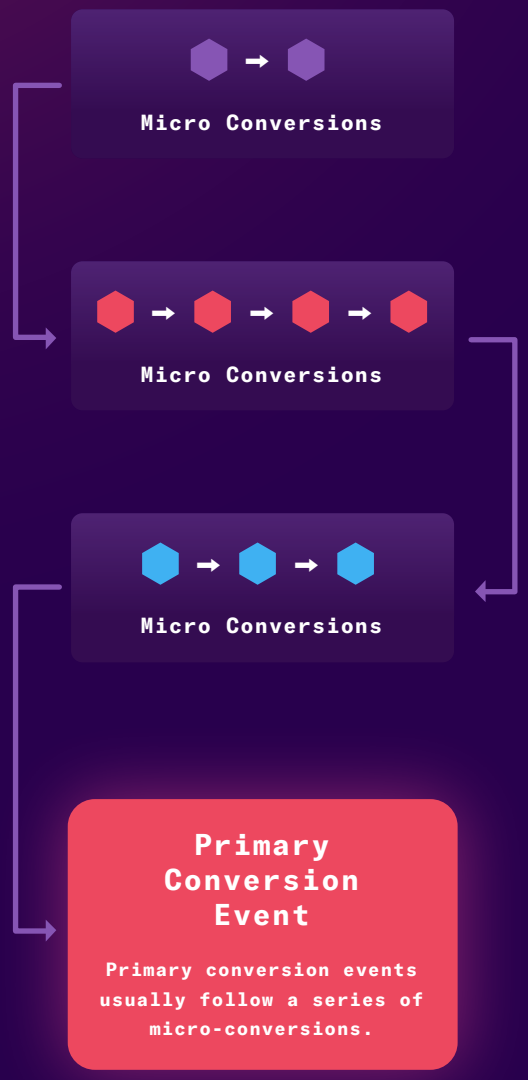
In eCommerce, the primary conversion event is usually a version of "complete purchase."

On SaaS marketing sites, it's something like "sign up for free trial" or "contact sales."

In Fintech, it's typically some form of "complete application."

These events usually mark the end of a series of micro conversions, like "fill out line 14 on this form" or "add item to cart." Marketing teams may also focus on smaller conversion goals outside of the primary conversion path.

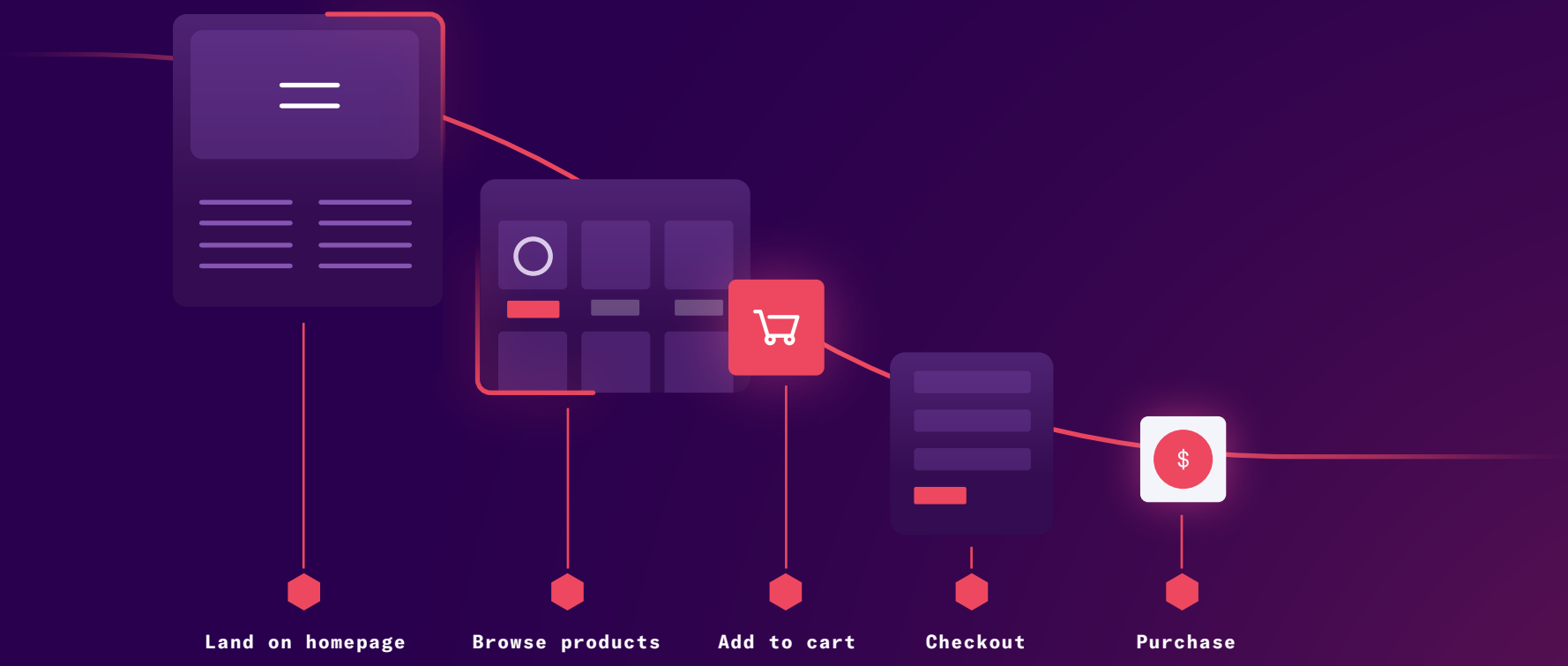
On a landing page, the conversion goal might be clicking "download whitepaper" or "on-line chat now." Together these granular micro-conversions add up to the large-scale, macro-conversion. Conversion optimization often focuses on improving these micro-conversions, as each can be a potential roadblock to the main conversion event.



STEP 02 Map conversion funnel(s)

After getting clear on what primary event or macro-conversion you hope to produce, map out the steps that lead to it. Create a conversion funnel to visualize the path and flow of leading your users into becoming paying customers. It's a great tool to help you create a reliable picture of how a user feels at each stage of their customer journey.

Your conversion funnel should have between 4 – 6 steps. Not more.
In an eCommerce store, for example, the funnel is often a variation of:



Here's a breakdown of each conversion funnel step for eComm:

Land on homepage:

Something about your site attracts a user. Perhaps they're aware of your product or were recommended by a friend. Now that you have their attention, keep it!

- Craft interesting content that addresses shoppers' needs, answers their questions, and positions your company as a thought leader in your industry.
- Highlight how your product is different and better than your competitors.
- Test your content, tweak it and see how the variations perform.
- Offer shoppers helpful resources in exchange for their email addresses in order to convert them from casual visitors to leads.
- Move them to the next phase in your funnel so you can send them even more relevant content and stay on their radar.

Browse/consider product:

Now that your visitor is a lead, show them why they must absolutely have your product. Test variations of page elements like copy, graphics, and recommended items to see which prompts people to the next step.

Remember that not all your users will take the same paths to the sale—a shopper can land on one of your subpages without going through the home page. Keep this in mind so you don't miss out on micro-optimization opportunities. Make sure users can seamlessly explore without error messages.

Add to cart

The risk here is shopping cart abandonment—your goal is to find out why. Some research suggests that up to 75% of shoppers abandon purchases after adding items to their cart due to site-related issues such as shipping costs, lack of payment options, and technical problems. If users are not converting here, run an A/B test. Perhaps publishing shipping costs earlier in the customer journey will produce more conversions than revealing them later. Try sending retargeting emails, or run retargeting ads to users who added your product to their cart but never completely went through checkout.

Checkout

This is where people review their cart right before the Big Kahuna of conversions— the purchase. You want your customers to buy! But on average, eComm businesses lose an astonishing 69% of sales to cart abandonment during checkout. Running funnel and path analyses will help to identify and address the problem.

Is it easy and secure for them to enter their personal information?
Are people dropping off when asked to register for an account?
Does offering a guest checkout give you more conversions?

New account registration is one of the top reasons people abandon carts at this stage, since it creates extra work for shoppers and adds another step to the buying process.

Click “purchase”

Time to celebrate—your lead is now officially a customer! But your work is not done. As you know, it costs 6 to 7 times as much to earn a new customer than retain an existing one. The probability of selling to a new customer is between five and twenty percent, but the probability of selling to an existing customer is 60-70%!

Don’t let all your hard work go to waste. Since customers know the value of your product and trust your company, your main priority is to keep them engaged. Ideally your easy site experience will have assisted this goal, but emails and other promotional efforts can also help.

Checkout

69%

eComm businesses lose over 69% of sales to cart abandonment during checkout

Click “purchase”

6-7X

It costs 6-7x as much to earn a new customer than retain an existing one

60%-70%

The probability of selling to an existing customer

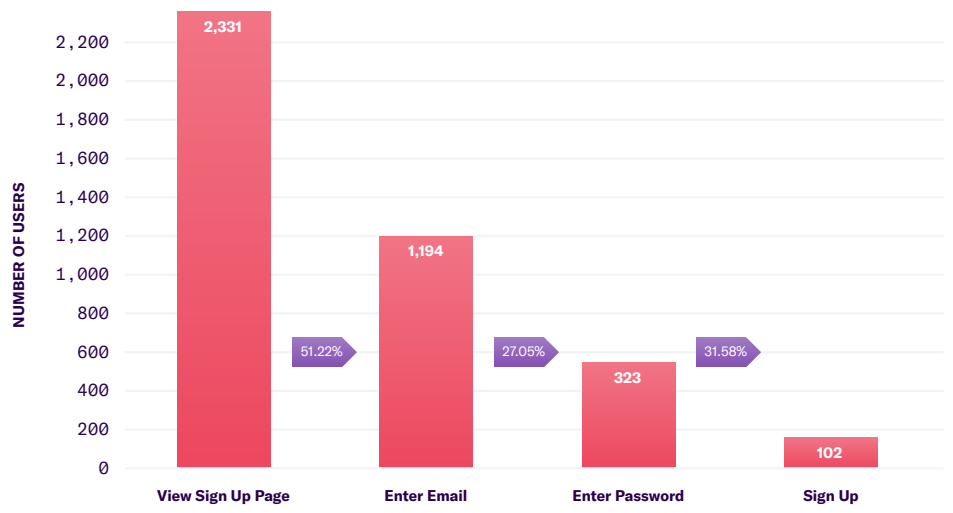
STEP 03 Identify dropoff points with funnel analysis

Once you've identified the key steps in your conversion funnel, dig into each one to find the main dropoff points.

Dropoff points = major opportunity.

We'll say that again. Dropoff points equal **major** opportunity! Users are telling you exactly where they lose interest. If you find out why, you can change that. Keep in mind, isolating dropoffs is easier if you have an analytics platform like Heap that automatically tracks user data. Otherwise, you'll have to manually track every single event in the funnel. This not only makes the task far more tedious, it also makes you far less likely to bother to do it.

The best way to identify dropoff points is to perform a **funnel analysis** to examine a series of events and see the number or percentage of users that drop off at each event. A good funnel analysis tool can break down this information into any number of behavioral and demographic segments, so you can compare completion rates at each step across all groups.



Funnel analyses help locate key dropoff points

eCommerce Sites

- Homepage
- Product Pages
- Cart
- Checkout
- Thank You Page

Blog

- Homepage
- Article Pages
- Subscribe Page
- Success Page

SaaS

- Homepage
- Trial Sign Up Page
- Interface
- Upgrade Page
- Thank You

Lead Generation

- Category Pages
- Landing Page Form
- Thank You Page

App Onboarding

- Enter Email Address
- Create Password
- Set Preferences
- Registration Complete

STEP 04 Go granular with path analysis

It's time to focus your microscope on the problem areas you've identified. Conversion funnels work great if users always take all the steps you want in the order you want them to. However, users may take any number of paths through your product, even ones you hadn't anticipated.

Path Analysis isolates the paths into and out of conversions or dropoff events. It allows you to see what actions people tend to take before and afterwards. This is extremely helpful to tell whether users are following your ideal conversion flow, or doing something else instead. With path analysis, you can see which are your shortest, longest, and most popular funnels. A good path analysis tool also allows for segmentation.

In path analysis you're doing two things:

1. Looking for small fixes that yield big dividends.
2. Trying to understand how the typical user navigates your site.

Targeting key moments

Let's say you are a Fintech company and you have a fairly complex application process. It requires users to fill out dozens of form fields and provide a lot of information. You notice that there is a lot of drop off at a certain point in the funnel so you run a path analysis.

The data reveals that at this particular point in the application is where many people get an error message. Some corrected the error and continued the application, while others simply continued the application as if they hadn't received an error message. They are the ones that eventually dropped off. With this insight, you can now look for a solution.

Why do some people continue applying without fixing their error?

Did they notice the error message?

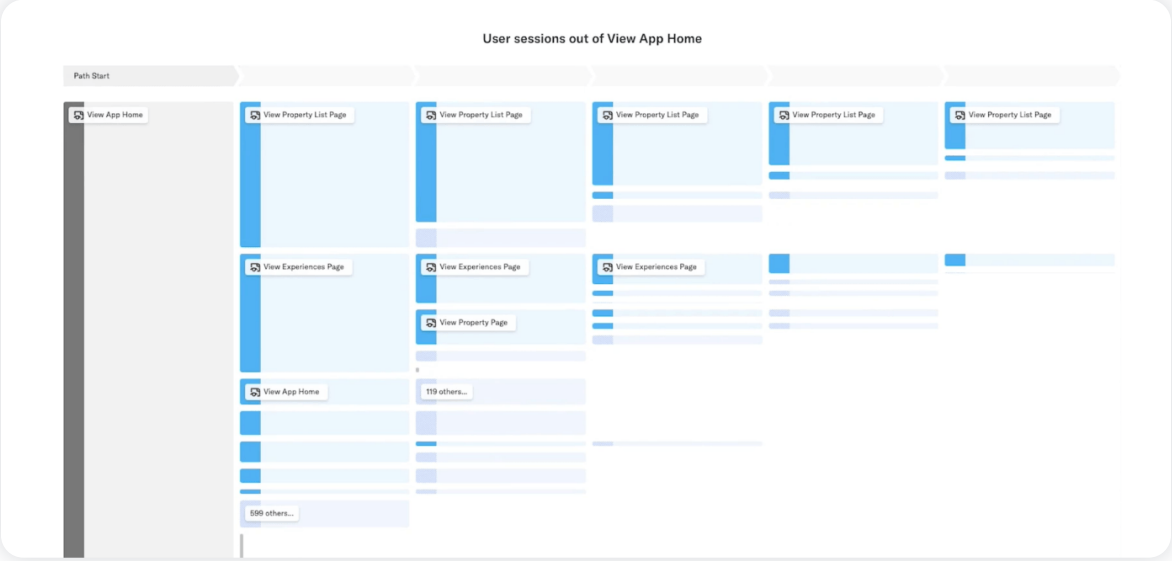
What if we make the error message more visible?

The ability to target specific users that dropped off during a particular step is critical. Now you can create marketing campaigns targeting those specific users to bring them back to your site.

Using path analysis, you can find the most problematic section(s) on your drop-off pages and take a more in-depth look at what users are doing or seeing right before they drop off. Examine each click around the dropoff points.

Which ones cause most users to leave?
Are there any specific places people get stuck?

These paths could have issues that you were previously not aware of, or have technical issues that consistently blocked users from reaching a specific step in the funnel.



Path analysis tells you what paths users take into and out of key events.

STEP 05 Segment by behavior with cohort analysis

There is arguably no more powerful CRO strategy than **behavioral segmentation.** Behavioral segments allow you to corral your users into cohorts (groups) based on actions they take—or haven't taken.

Do users who convert read your blog?
Did they leave a review? Save a report?
Do they prefer the purple CTA?

What you're looking for are behaviors that predict conversion, so you can orient your product around getting more users to perform them.

When you use a platform with behavioral analytics capabilities such as Heap, you can track and analyze your cohorts over time to gather more actionable insights about them. You'll learn how certain groups interact with your product while discovering how to strengthen those interactions and incrementally build loyalty. This process is known as cohort analysis.

The possibilities of applying behavioral segmentation and cohort analysis are limitless. You can identify your most loyal customers, implement better re-engagement campaigns, and deliver better, more personalized user experiences.

Some examples of how you can use behavioral segmentation to grow your business:

Boost revenue via recommendations: You discover that users who buy handbags from your fashion website tend to buy shoes as well. You can then send an email or alert offering a 20% off coupon for shoes to users who recently bought a handbag.

Facilitate the buyer's journey: You discover that visitors who use your free app's bookmarking functionality tend to upgrade to a paid membership at a higher rate than those who don't use it. You can create an in-app guide that encourages new visitors to use bookmarks.

Improve customer retention and reduce churn: You discover that users who are inactive for longer than 60 days have a low rate of retention. You can send a special three-stage email marketing campaign to re-engage users who have been inactive for 30, 45, and 60 days.

STEP 06 Consider your sources: Who's visiting?

In addition to improving the site experience for users, CRO is about knowing which groups to target. By bringing in users who are good bets to convert, the more likely they are to do just that.

For example, if your data shows that website visitors who come from Accountants Weekly magazine convert at a 2x rate compared to those who don't, you can adjust your outbound or online marketing to bring in more "A.W. types," and optimize messaging on your landing pages.

The equivalent for SaaS products would analyze conversions by user type. If VPs convert at 2x the rate of ICs, you can use that information to tailor your product to VPs, or tell your sales team to sell to more VPs.

Group segmentation will also expose low engagement so you can readjust your marketing efforts. Maybe it's time to stop focusing on a segment that isn't getting any traction. A better strategy may be creating campaigns to incentivize first-time visitors, or to re-engage inactive users. You can personalize goals for each campaign once you have your segments defined.

Segmentation Examples →

These are just some ways of how you can segment users to compare conversion rates. There are many more and the only limit is how many ideas you can come up with. The specifics will of course be unique to your product, but the more ways you can slice up the data, the more likely you are to stumble onto an underserved segment.

By Demographics

- Job title
- Geography
- Company size
- Industry
- Gender
- Age
- Education

By Behavior

Compare conversion rates by segmenting users according to whether or not they:

- Read your documents
- Visit a specific page, or set of pages
- Spent time browsing on your site
- Click “learn more”
- Go to your FAQ page
- Receive your emails
- Share something from your site
- Use coupons
- Subscribe to updates
- Use your in-app chat

By Marketing Channel

Often you’ll be running multiple campaigns on a single channel. Using Heap, you can measure conversion rates for each campaign.

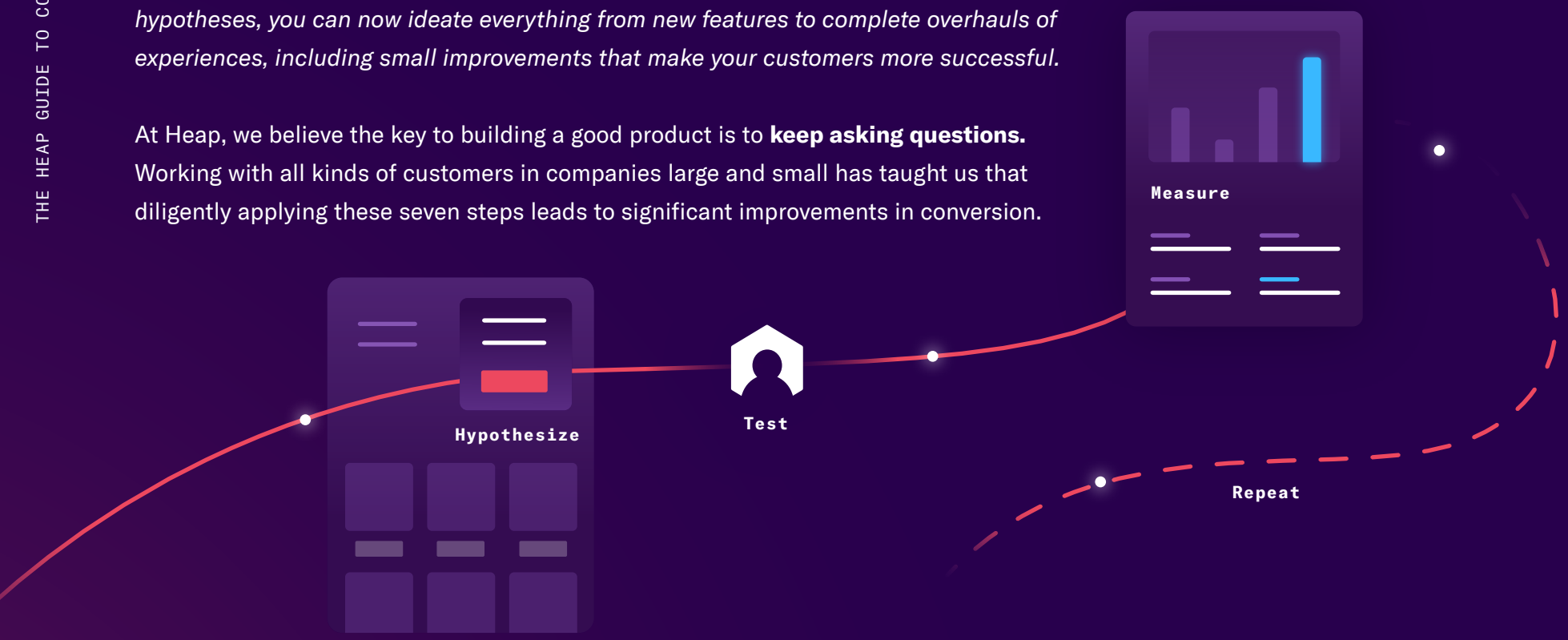
- Social media
- Search engines
- Referring sites
- Partner sites
- Traditional media
- Paid ads

STEP 07 Hypothesize, test, measure. Then repeat.

The guiding principle to data-driven CRO is to use data to make informed hypotheses and learn as much as you can from each test. The best way to improve the product is to learn everything about how people use it, where they're coming from, and what problems they have. Be a good scientist. Ask creative questions. Probe the information you have to figure out answers. Then make improvements geared towards meeting larger business goals.

Imagine you're a PM at a SaaS company, and need to understand which features are most valuable and how to improve conversions. Take the product analytics baselines from Heap, then build hypotheses of why certain metrics are what they are. From those hypotheses, you can now ideate everything from new features to complete overhauls of experiences, including small improvements that make your customers more successful.

At Heap, we believe the key to building a good product is to **keep asking questions.** Working with all kinds of customers in companies large and small has taught us that diligently applying these seven steps leads to significant improvements in conversion.



SECTION 04

Key tools for CRO

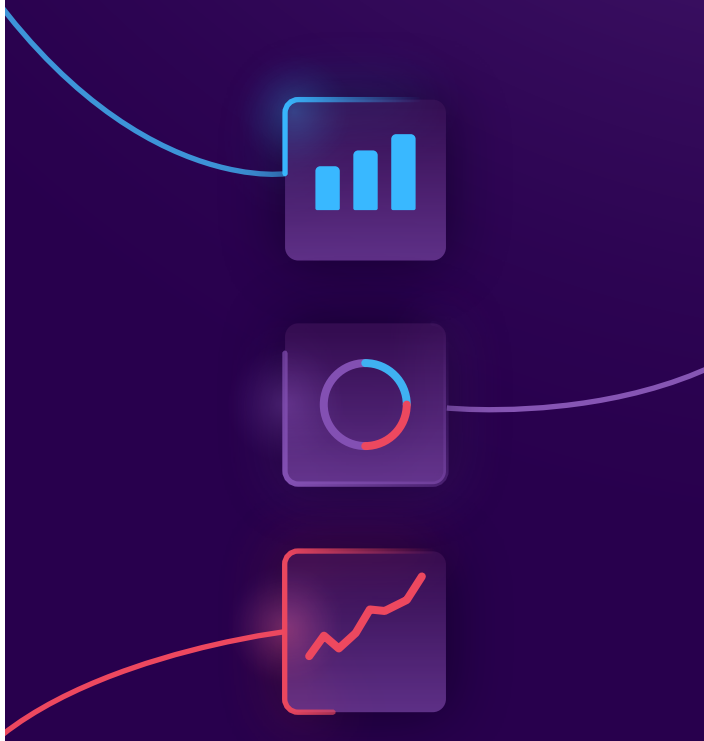
The secret to CRO is: the more you measure, the easier it becomes.

The more information you can gather about how users navigate your site or app, the more straightforward it is to isolate problems, fix them, and understand how the changes you made affect conversion.

Many product analytics solutions require you to manually tag events to ensure you collect data on them. For CRO, this is a nightmare. If you're doing CRO right, you'll be making many changes, so your site or app will be evolving constantly. With manual tagging, it's almost impossible to keep tabs on all of these changes. If you forget to tag an event, now you can't get data on it. Too bad.

The ideal product analytics solution for CRO will automatically capture data from everywhere on your site. Whatever users do, you'll know. You can then take all this data and analyze it to understand how your users engage with your product, every step of the way.

For this reason, it's highly recommended to choose a product analytics solution like Heap that uses autocapture. **Autocapture** enables businesses to capture all customer interactions, clicks, swipes, form submissions, and more from their website and mobile app with just a single snippet of code. With autocapture, you ensure your underlying dataset is complete and every piece of user interaction is retroactive.



A/B Testing

A/B testing is a wonderful tool. There are few better techniques for optimizing your site and driving more conversions. We've found that A/B testing works best when broken up into steps:

Step 1 - Formalize a hypothesis
Step 2 - Run your test effectively
Step 3 - Measure ALL the effects of your test

STEP 01: Formalize a hypothesis

Run every A/B test according to a clear hypothesis. Articulate in advance what you're testing for. Specify why you think a change will make a difference.

Why is it important to do this work in advance? It forces you to:

1. Clarify the problem you're trying to solve
2. Explain how you're trying to solve it.
3. Articulate the change in behavior that will count as success.
4. Establish the KPIs that you're trying to move
5. Spell out your mechanism for moving them
6. Think in advance about downstream metrics

Below is a quick A/B Hypothesis Brief with key questions you want to answer before doing any testing.

What are we changing about the site/product?

What different behavior are we testing for?

What are the metrics that will tell us if our test is successful or not?

What will count as success?

What downstream metrics should we expect to change?

A/B Testing

Step 01
Formalize a hypothesis

1. Clarify the problem you're trying to solve
2. Explain how you're trying to solve it.
3. Articulate the change in behavior that will count as success.
4. Establish the KPIs that you're trying to move
5. Spell out your mechanism for moving them
6. Think in advance about downstream metrics

Step 02
Run your test effectively

Step 03
Measure ALL the effects of your test

STEP 02: Run your test effectively

Once you've set out your A/B hypothesis, it's time to run your test. How do you do this right?

1. Choose the right tool.

Here are some of the best tools available for A/B testing. They all integrate easily with Heap.

AB Tasty	LaunchDarkly	monetate (A Kibo Company)	Qubit.	ORACLE | maxymiser
split	Google Optimize	Optimizely	VWO	

2. Sample size and statistical significance

If you don't run your test on enough people, or don't test long enough, you won't get reliable results. Therefore, you need to calculate the right population and sample size, and make sure you run your test long enough to gather the right data. ("Population" means all the people who visit your site or app, and "sample size" means the people who will interact with the thing you are A/B testing.)

Since not everyone is a statistician, A/B testing tools such as Unbounce, AB Tasty, and Optimizely X offer calculators to help you figure out what sample size and number of testing days you need. You can also use Evan Miller's A/B Sample Size estimator.

The main goal of getting these numbers straight is to make sure your results are statistically significant—meaning that there is 95% likelihood that whatever difference you measure isn't caused by random chance.

If you've already run your A/B test, you can also check if your test reached statistical significance by using Visual Website Optimizer's statistical significance tool.

3. Run tests to completion

We've seen it many times: marketers start running a test, see some promising initial results, and stop immediately. After all, things look good—let's make that change and keep moving!

Here's the problem. If you haven't run your test to completion, it's likely you've stumbled onto a "false positive." The less data you've gathered, the more likely the result will be due to randomness.

If you prematurely stop the test, or introduce new items that weren't a part of your original hypothesis, you won't gather enough data to know if what you're seeing is a true result, or a random fluctuation. Let your test run its course! Stay strong and wait for the results to come in. *Then* take action.

A/B Testing

Step 01
Formalize a hypothesis

Step 02
Run your test effectively

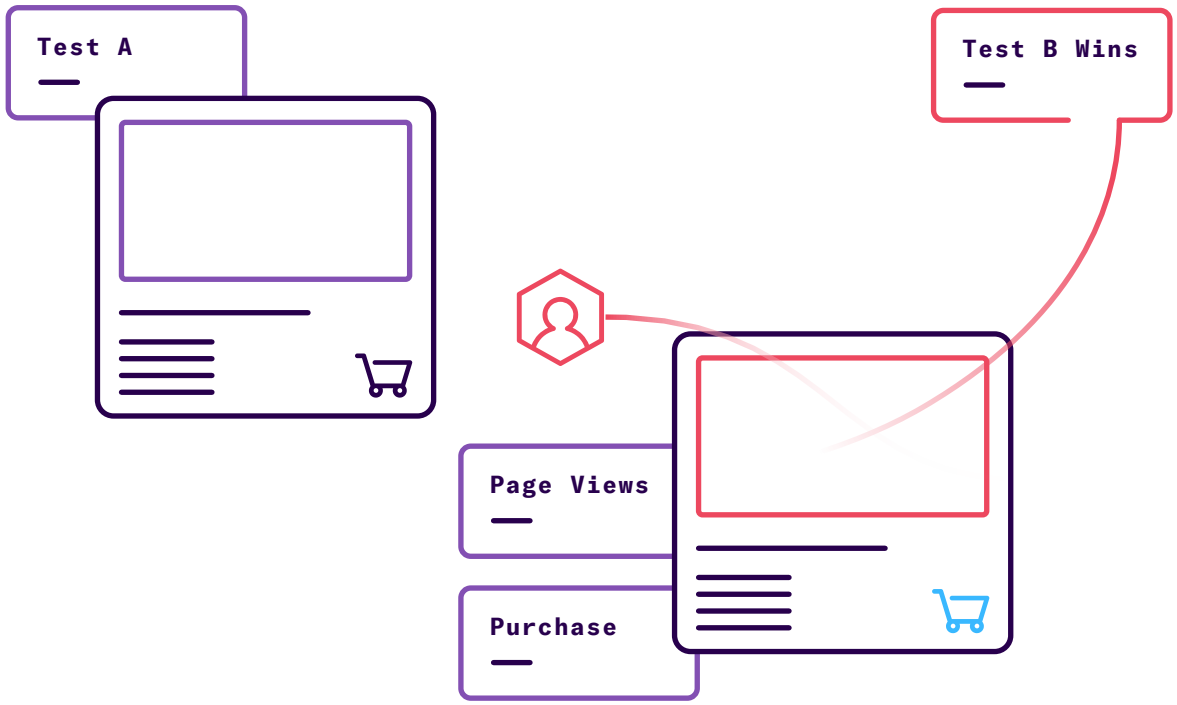
1. Choose the right tool
2. Sample size and statistical significance
3. Run tests to completion

Step 03
Measure ALL the effects of your test

STEP 03: Measure the entire customer journey

As powerful as A/B testing is, many people overlook the most important reason for doing it: not just to optimize a local target, but to optimize the business!

To make sure you're doing this, measure all the data the test produces. The really useful information arrives when you start measuring the downstream effects of your changes, and knowing whether more people bought products from you. Or if they're likely to return to your site. Or if they're likely to go from the trial plan to the paid plan. These are the metrics that really matter to your business, and what your A/B tests are really aimed to improve. By thinking ahead about downstream events and tracking them, when you check in on them days, weeks, and months later, you'll be measuring the true effects of your tests.



A/B Testing

Step 01
Formalize a hypothesis

Step 02
Run your test effectively

Step 03
Measure ALL the effects of your test

Check in on your test days, weeks, and months later, you'll be measuring the true effects of your tests.

SECTION 05

Examples of successful CRO from our customers

Conversion Rate Optimization Strategies from Leading Brands

Here are some case studies of companies effectively using CRO to grow revenue and improve their customer experience:

OppLoans

This online lender provides a safe and reliable alternative to payday loans. They wanted to improve funnel performance and reduce friction in their customer experience. But as a growth-stage start-up, OppLoans has a busy engineering team. They cannot be burdened with building, testing and implementing a homegrown set of solutions. Using Heap as their analytics tool, the team was able to find a broken step in their funnel.

"By making meaningful improvements to our pre-pop experience, the team saw a seven-figure lift in new issued principal annually and a 5-percent increase in conversion rate for direct mail."

RESULTS:

5%

increase in conversion rate

Casper

Sleep startup Casper is dedicated to developing the perfect sleep environment and delivering it directly to the customer's door. When Casper evaluated their checkout funnel in Heap, they found that over 80% of users chose courier delivery over standard UPS delivery. Using A/B testing, Casper moved the "same-day courier delivery" option to before checkout. The change produced a 100% increase in the number of people who wanted to know about shipping methods, and a 20% increase in conversion rate.

RESULTS:

20%

conversion optimization

Sur la table

One of the largest premium cookware retailers in the world, Sur La Table's success has been driven by creating a great online customer experience. As part of that mission, the company has built a culture of CRO and rapid iteration. Behavioral data revealed that users viewing more products made more purchases, and spent more money on the products they chose. Path analysis showed that cross-product merchandising increased product views. So the team expanded product pages to feature more complementary or related products. The result was a 12% increase in pageviews and 6% overall increase in conversion rate.

RESULTS:

6%

increased overall conversion rate

THIRDLOVE

Startup ThirdLove's goal is to create a better bra for all women, and to improve the bra-buying experience on all platforms. Their analytics team used Heap to compare browsing behavior across devices and see how a user's experience changed across platforms. They discovered device-switching was not happening as often as previously thought. Path analyses with results segmented by platform revealed a large number of first-time purchases made on ThirdLove's mobile app. By pivoting quickly to optimize their mobile experience, they saw an immediate increase in purchases and an astonishing 50% increase in mobile conversions.

RESULTS:

50%

increase in mobile conversion

In Conclusion

Every business has a strategic responsibility to do CRO. There is always room for improvement, and you will always benefit from converting eyeballs into paying customers. We hope that after reading this e-Book, you're convinced the scientific approach is the best method—organized and thoughtful, not hit and miss.

CRO is an ongoing process. The beauty of it is that even the smallest change can lead to increased revenue. If you have questions or thoughts, or simply want to know more about Heap's approach to product management, we encourage you to get in touch at support@heap.io.

Best of luck with your optimization!

—The Heap team

Heap