



**ARE YOUR CONVERSION RATE OPTIMIZATION (CRO)
INITIATIVES RUNNING OUT OF STEAM?**



OPTIMIZATION FOR COMMERCIAL GAIN

Are you finding it harder to realize big gains from your optimization efforts? If so, you are in a similar position to a growing number of your peers. It's easy to fall into the trap of thinking that this lull is natural and that it is to be expected after the biggest wins come in the early days of optimization when the so-called low hanging fruit was there to be taken. But this misses the whole point of optimization: the job is never finished. CRO has to be an ongoing activity because consumers are continually evolving, and products and services need to change to keep pace.

Take the recent Covid-19 experience as an example. Overnight, the e-commerce landscape changed for everyone with a business to run. Physical retail outlets were shut, call centres overrun, and consumers were locked down in their homes. This placed much greater importance on digital channels for existing retailers and triggered new ways of

buying products and services across all sectors. Many shoppers found themselves going online for the first time for certain transactions, and many businesses established all-new ways to get their products direct to consumers.

And the change was profound. In April 2020 first-time purchases on e-commerce sites of traditional chain stores were 119% up on April 2019. And global sales on Amazon increased 26% in Q1 of 2020. Conversion rate optimization (CRO) is one way that a business can keep pace with changes in the market because it requires a deep understanding of the changing preferences and behavior of the target consumer. Being quick to understand the "new normal" and first to change the design of your online experience and sales funnel can create a clear competitive advantage, which translates directly into increased conversion rates and additional revenue.

WHY AREN'T MORE BUSINESSES PLACING CRO AT THE HEART OF THEIR POST-COVID RECOVERY STRATEGY?

Adobe recently estimated that those businesses which are leaders in digital dedicate nearly 5% of their overall marketing budget to CRO activities, whilst the average is nearer to 1%. So, what happens in those businesses who find that they can't justify a greater spend on CRO? Why are they not enjoying the same returns as the leaders in their field? We've worked in and around the area of CRO for nearly twenty years, and there are **three common mistakes** that we see businesses make with their CRO efforts. Unless your organization can overcome these structural and philosophical challenges, you are unlikely to get the best out of your CRO spend.

1. TOO MUCH FOCUS ON DATA SCIENCE, NOT ENOUGH ON UNDERSTANDING HUMANS.

Overtime, CRO has become synonymous with the industries' obsession with data analytics, and more recently, data science. Whilst data is the fuel on which CRO runs; it's not the only element in the mix. Like a fire which needs both fuel and oxygen, CRO needs both quantitative data and qualitative behavioral insight. The data that we get from site logs and page views, is the "what" - it tells us what is happening, how many users are exiting, how many make it to the next stage of the journey - but it doesn't tell us why. Behavioral insight provides the "why?".

Many inhouse CRO teams, and also sadly, a number of boutique CRO agencies, have relied too much on studying the "what" at the expense of the "why?". The "why" is hard, it requires primary research, conducted by trained researchers, observed and interpreted by behavioral scientists, to delve deep into the unpredictable, and sometimes irrational, reasons a shopper chooses to buy from one company but not from another.

There are moments, all the way through a browse and buy experience, that trigger emotional responses, some rational some not. It's the work done, in understanding these responses and how to design for those moments, that delivers the maximum return on CRO investments.

2. CHASING SHORT TERM WINS OVER LONG-TERM SUSTAINABLE CHANGES TO USER EXPERIENCE.

This is a classic CRO agency trick. The pressure is on to show a return quickly to a new client. So, you might find yourselves persuaded to prioritize short term promotions, discounts, short-cuts into the shopping basket, and other means to immediately lift conversion.

But if those changes come at the expense of building a sustainable position in the market, or a transparent and fair relationship with the customer, with the aim of building loyalty and heightening the likelihood of repeat purchases over a customer's lifetime, then those quick wins are coming at a considerable cost.

This goes beyond A/B testing and starts to set the direction for innovation in the customer experience, which means creating a long-term roadmap for enhancements. This requires strong design leadership and a philosophical belief in "insight-driven design". Using the insights gained to help inform new ideas for innovating and improving the customer experience to deliver genuine, valuable, sustainable differentiation.

Companies need to look for long term partnerships when it comes to CRO and incentivize the chosen partner to build value over time. Look for agencies that are prepared to be rewarded for the long-term sustainable difference they can make, not just the eye-catching returns made in the first few months.

3. FAILURE TO ALIGN CRO TO OVERALL BUSINESS OBJECTIVES AND SECURE THE RIGHT SKILLS.

Are your CRO objectives aligned to your overall business vision, strategy and goals? In too many organizations, CRO sits too low down in the organizational structure. Ownership of the CRO relationship is often delegated well below the C-suite, which means that it often sits in a siloed part of the organization, lacking board-level visibility.

Yet CRO can be one of the main levers that an organization has to improve its performance and business fortunes. And to really maximize the returns from CRO, it needs to influence change right across the organization. To properly tune the customer experience from the first touchpoint to the completion of a transaction, and then on into the self-service environment of being a customer, CRO needs to track the experience delivered at every single touchpoint. This means in every interaction with an employee, automated process or self-service function.

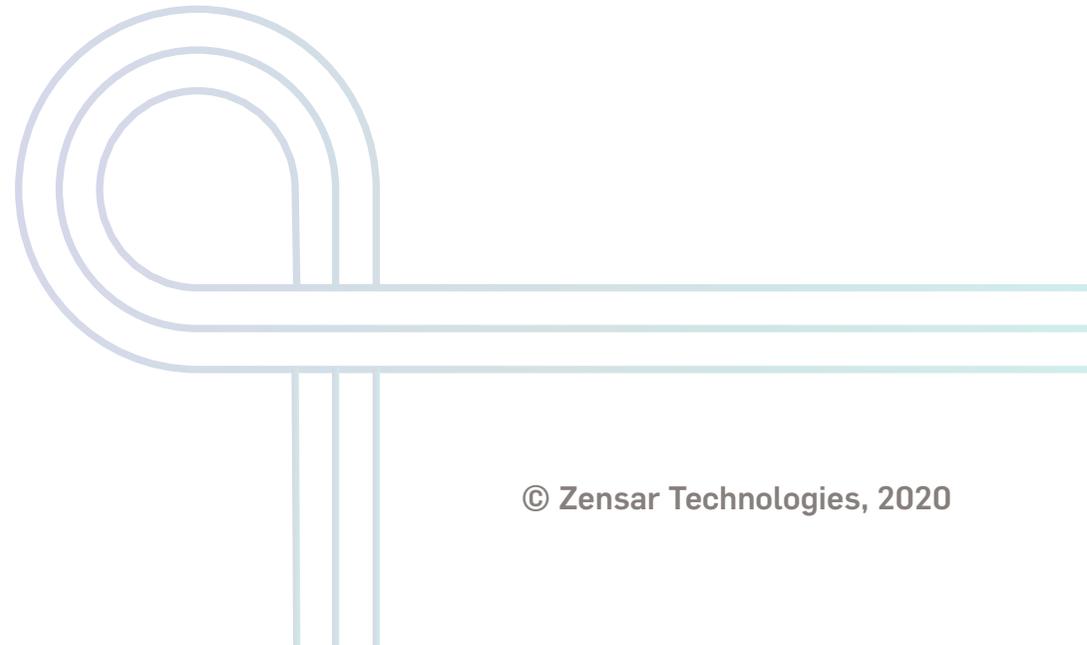
This may mean making changes to marketing, sales, website, mobile site, frontend or backend systems and processes, call-centres, operations, fulfilment and customer relations. All of these typically sit in different areas of the business, sometimes with different physical locations. Yet, these business units and owners need to be united in their understanding of CRO and what it can achieve for the business if it's committed to and acted upon in a joined-up way.

CRO needs to have a champion with a seat at the board table, and for that, it needs strong, experienced practitioners who are respected and trusted by the C-suite. However, these folks are hard to find. And even harder to attract to commercial organizations. The top CRO talent still tends to prefer the agency environment, where the challenges are more varied, and the knowledge gained more valuable for their career.

WHY YOU NEED CRO NOW MORE THAN EVER?

2020 has changed the e-commerce landscape for good, and there's never been a more important time to get serious about CRO. If you're wondering about whether you're getting a full return from your CRO efforts, it's time to cast a critical eye over your optimization efforts and see if the three points we've outlined are affecting the results you're seeing.

One thing is certain; there will be new disruptors and new leaders in your market. CRO is a way of business that can define whether you are out in front or back in the chasing pack.



TO DISCUSS YOUR OPTIMIZATION EFFORTS TODAY CONTACT:

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