

Expert Group

Revenue Optimization

How Do I Prevent My Conversion Optimization Process from Stagnating Because Resources Are Being Allocated to Larger Projects?

Takeaways

1. Always provide insight into the potential value of optimizations to make a case for allocating development time to these improvements.
2. Invest in the visibility of conversion optimization in your organization by sharing results and insights.
3. Make sure a structured process for conversion optimization is in place that involves all relevant stakeholders.

Host & Chair

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A growing number of organizations have conversion optimization strategies in place. Using a structured and data-driven process, they are working on customer-oriented optimizations in their online stores and achieving better results. These same organizations are noticing, however, that their conversion optimization processes regularly stagnate, fail to move forward fast enough, or even come to a standstill altogether because resources for development and other areas are being allocated to other, larger projects. This causes them to miss out on optimization opportunities, as well as substantial revenues. The members of this expert group have identified this as the main challenge right now when it comes to conversion optimization. This stagnation is a problem, as it affects your organization's results. Amazon, for example, states that:

“Our success at Amazon is a function of how many experiments we do per year, per month, per week, per day.”

Jeff Bezos, Amazon



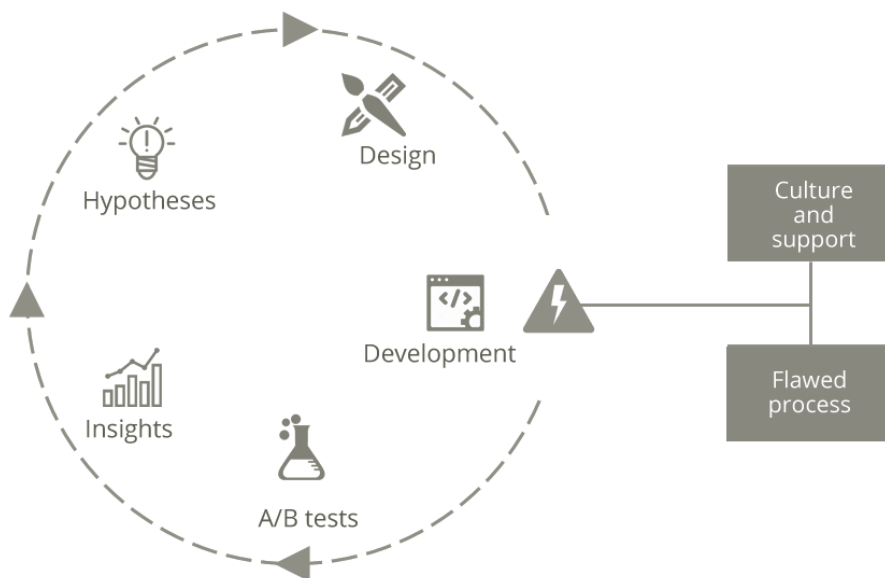
Our expert group has therefore asked itself the following question: “How do I prevent my conversion optimization process from stagnating because resources are being allocated to larger projects?” We investigated why many organizations lack the resources required for conversion optimization. We have linked these causes to a number of solutions that can remedy and prevent stagnation. Based on concrete, real-life examples, we will share a number of tips for getting more out of your conversion optimization program.

1. Causes

Do you work for a small organization and did you recently start with conversion optimization? Or are you employed at a large organization where experimentation is already a key part of your business operations? Whether they be large or small, the organizations examined by our expert group all recognize the problem of a lack of resources slowing down the conversion optimization process. This is a shame, as it means potential customers encounter certain barriers on your website. You also end up lose out on revenues when you fail to seize opportunities for optimization, and you're allocating resources to projects whose value is unknown or even non-existent.

In the majority of cases, “resources” refers to the time spent by developers. Since this time is valuable and always scarce, this can quickly lead to problems when there are more projects than can be managed within the time available. As a result, no A/B tests are set up and the winning tests are implemented only at a later stage. At the same time, testing capacity – and therefore the capacity to learn from customer behavior and improve your performance through optimization – is not utilized. In addition to development resources, resources relating to design (including UX design) and analytics can also represent bottlenecks that cause the process to slow down.

Why are resources not allocated to conversion optimization, when our expert group has demonstrated that this boosts growth and improves performance? We have identified two main causes: (1) a non-data-driven culture with a lack of support for conversion optimization; and (2) a flawed process.



The organizational culture, lack of support, and a flawed process are the causes of optimization processes stagnating

1.1 Culture & Support

In many organizations, gut feelings and personal opinion too often play a decisive role. Instead of setting priorities based on data, organizations tend to put too much stock in the opinion of the highest-paid person in the company or the person who is the most persuasive. Large-scale projects that require a long development period tend to be prioritized, even if the value of these projects is unknown or based on assumptions. There is a hunger for innovation, as a result of which major redesigns, re-platforming, and new features are prioritized over the optimization of existing functionality. Due to a lack of a data-driven culture, there is insufficient support within the organization for conversion optimization. In some cases, there is a willingness to make data-driven decisions, but it turns out to be too challenging to determine the business value or compare between different options because the company uses various different KPIs.

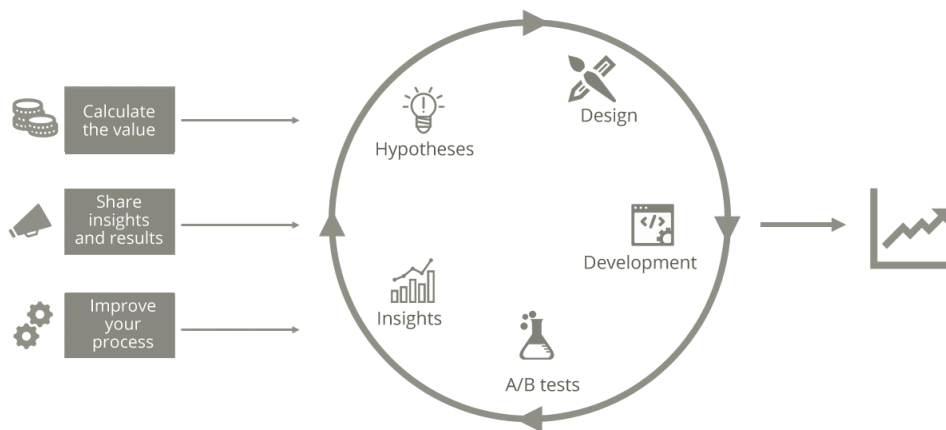
1.2 A Flawed Process

Even in organizations where there is support for conversion optimization, various issues that might arise during the optimization process can still cause underperformance and insufficient insight. Often, not all members of the scrum team or other teams are optimization-minded, leading to conflicting objectives and interests. In these cases, various departments in the organization attempt to lay claim to the same resources, which complicates prioritization. Even if development resources were earmarked for conversion optimization originally, large projects can end up taking longer than expected, to such an extent that there is no scope left to create and implement A/B tests.

Conversion optimization can also be impeded by flaws in the process, causing the impact of optimizations – and, by implication, the value of the conversion optimization program – to be lower. This, in turn, can also result in fewer resources being available for optimization.

2. Solutions

The problems related to resources and the detrimental impact on the conversion optimization process may seem difficult to address, but our expert group has found several solutions (or partial solutions) which effectively combat the causes of stagnation. The solutions and examples outlined below will help you to create more support for conversion optimization in your organization and improve the optimization process.



Practical solutions to prevent stagnation and improve the optimization process

2.1 Calculate the Value

Whether you're trying to increase revenues, generate more profit or cut costs, the costly investment in development time should ultimately have the highest possible *return on investment* (ROI). The value for the organization should therefore take precedence when it comes to allocating development resources.

Make sure the estimated value is transparent by creating individual business cases, both for optimizations in the context of your conversion optimization program and for other major projects. Make a preliminary estimate for A/B tests to establish the potential contribution of the test. For winning

A/B tests, you should calculate the impact of the implementation, as well as the cost of a delay in the implementation. Projects that don't demonstrably result in financial gains should be relegated to the bottom of the roadmap. See, for example, how bol.com obtained resources for conversion optimization by demonstrating it had missed out on revenue due to delaying the implementation of an A/B test winner. You will find the case at www.mijnconversiescore.nl/voorkom-stagnatie-in-cro-proces. (Information available in Dutch only)

"Since we conducted an in-depth impact analysis beforehand, we were able to convince our stakeholders to conduct a radical A/B test.

This allowed us to more accurately assess the results and impact."

Helene Hallebeek, Transavia

Of course, it can be tricky sometimes to assess the returns of a particular innovation or optimization. For larger innovations that are potentially very time-consuming, it can be helpful to conduct tests using what is known as a *prototype*. This involves investing a small amount of money to investigate the impact of a particular feature, so you can decide whether to allocate more resources to this functionality. At www.mijnconversiescore.nl/voorkom-stagnatie-in-cro-proces you will find more information on prototypes and how Transavia and Duifhuizen used them to test the potential of new features within their respective organizations. (Information available in Dutch only)

Compare different projects using a *single success metric*, i.e. one central KPI that reflects the organization-wide targets and is a decisive factor in prioritization. This KPI might be revenue, profit, or profit per user. Several other KPIs can have an impact on this central KPI. Revenue, for example, is a result of the number of visitors, conversion rates, and average order value. By making sure the KPI structure is transparent, you ensure that your organization creates business cases in a consistent manner and that you can compare their respective value. You will find an example of this type of KPI structure at www.mijnconversiescore.nl/voorkom-stagnatie-in-cro-proces. (Information available in Dutch only)

2.2 Share Insights and Results

Increasing support in your company for conversion optimization is not something that can be achieved overnight – it involves a cultural change, which requires both time and perseverance. It is therefore essential that you invest in the visibility of conversion optimization within your organization. You can do this by proactively sharing results and customer insights – not just the successes, but also the losing A/B tests and the lessons learned from these experiences. Take effective action by setting aside time for the marketing of your conversion optimization program. Start out by deciding what you would like to sell within the company and to whom, and be sure to choose the appropriate format. You can use mailings, presentations, an internal platform or a combination of these. The form and content of your message may vary depending on the stakeholder. Check out inspiring examples from bol.com, VodafoneZiggo and BCC at www.mijnconversiescore.nl/voorkom-stagnatie-in-cro-proces to help you raise the visibility of conversion optimization in your organization. (Information available in Dutch only)

You should make sure your message is short and sweet and – above all – easy to understand. One effective approach is using visuals and qualitative data to support quantitative data. You could, for example, add *heat maps*, session recordings, or recordings of usability tests. Make sure your coworkers understand how visitors use your website and where they get stuck, and by extension, why website optimization is so important. We also recommend that you allow stakeholders and board members to

be witness to the usability or neuro-usability research, so they can see for themselves how potential customers experience the website. At www.mijnconversiescore.nl/voorkom-stagnatie-in-cro-proces, you will see how fonQ, De Bijenkorf and HEMA have applied this within their organizations. (Information available in Dutch only)

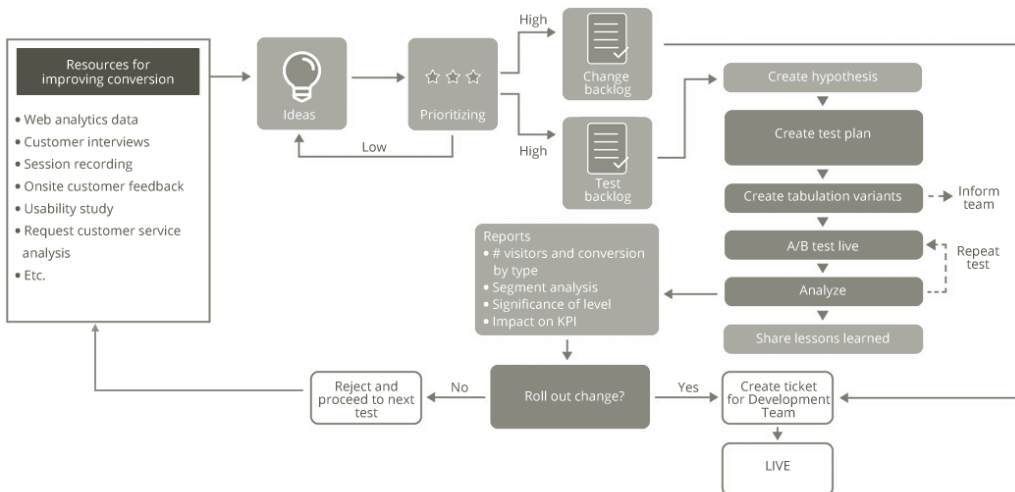
“Many different stakeholders have the opportunity to contribute topics and be witness to our bimonthly usability study, which allows them to see the customer experience with their own eyes and understand why conversion optimization is so important.”

Jurrien Schouten, fonQ

If your company ends up allocating significant resources to a major project rather than to conversion optimization after all (for example, because the major project is supported by strong data), you can still incorporate insights from previous tests and analyses into this project. When working on a redesign, for example, you should integrate previous optimizations and insights based on customer feedback into the new design. Redesigns tend to be more time-consuming and high-risk than optimizations of the existing design, but if a redesign is nonetheless necessary this approach will allow you to achieve a better end result. Check out how lingerie retailer Hunkemöller used insights for a redesign at www.mijnconversiescore.nl/voorkom-stagnatie-in-cro-proces (Information available in Dutch only)

2.3 Improve Your Process

In order to use the full potential of conversion optimization, it is important to have a structured process in place. In its 2017 blue paper, this Expert Group already outlined a process for conversion optimization.¹ If you find that this process is stagnating in your organization, you should start by identifying the bottlenecks. You should use your own system or a project management tool for this. You will find an example at www.mijnconversiescore.nl/voorkom-stagnatie-in-cro-proces. (Information available in Dutch only)



A structured conversion optimization process, as described in the 2017 blue paper

¹ SHOPPINGTOMORROW EXPERT GROUP ON REVENUE OPTIMIZATION, 2017 BLUE PAPER: HOW DO YOU GENERATE MORE DIGITAL REVENUE WITH THE SAME DIGITAL FOOTFALL?

When it comes to effective process implementation, the team responsible for implementation is essential. That's why it's important to establish independent teams that work effectively on achieving shared goals, including conversion optimization. Make sure everyone in these teams is involved in these goals, including the optimization process. This means a high level of engagement among developers is essential. Developers should be involved in customer research and made partly responsible for specific KPIs. At www.mijnconversiescore.nl/voorkom-stagnatie-in-cro-proces, you will find ideas from bol.com and Intergamma on how to involve developers in the optimization process. (Information available in Dutch only)

"Involving developers and designers, along with directors, in guerrilla user testing of prototypes at Utrecht's central train station has resulted in both valuable customer feedback and several 'light-bulb moments,' as well as improving teamwork and getting everyone involved in the optimization process."
Melle Moorman, bol.com

In an effective process, ideally there should be resources earmarked for optimization so that when other projects end up taking longer than expected, this won't immediately affect your optimization process. Large data-driven organizations also make sure that large-scale, long-term projects don't end up getting in the way simply by not having any such projects. They divide projects into smaller chunks until they are more manageable – until they span a maximum of two sprints at a time, for example. This reduces the risk associated with long-term projects and creates greater flexibility, as well as allowing you to respond quickly to trends and achieve results or interim results sooner.

If there are external stakeholders who play a role in the process (such as external developers or a consulting firm), make sure you work closely with these third parties, preferably also onsite. This guarantees close involvement by all parties concerned and allows you to improve the optimization process. At www.mijnconversiescore.nl/voorkom-stagnatie-in-cro-proces you can find out how Transavia is doing this by commissioning a third party to set up A/B tests and working closely with this service provider. (Information available in Dutch only)

3. Changes in Your Organization

It is a common belief in the business world that you need to be innovative in order to stay ahead of the competition. While this is not a bad position to take, many traditional organizations have the wrong notion of innovation. They believe that major innovations, such as a redesign or disruptive new business concept, are the only road to success. This is the type of innovation that involves a great deal of development time, significant expenses, and considerable risk, when small, incremental, and data-driven optimization is also essential to your organization's success. The speed of optimization is a decisive factor in your competitive position. However, we have seen that the culture in many organizations has yet to reflect this.

The solutions cited above are examples of a bottom-up approach. While cultural change based on a bottom-up approach is definitely possible, it does tend to be a long-term process. The fastest-growing companies around (including Amazon, Coolblue, and Booking.com) all use a top-down approach instead. It is hardwired into the DNA of the management of these companies that they can grow fast through data-driven customer journey optimization.

In your organization, you should make an effort to influence people in both a bottom-up and top-down direction in order to encourage a data-driven approach, create support for conversion optimization, and improve your process. This allows you to prevent the conversion optimization from stagnating and improve the performance of your online store.

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