

Best Practices for Conversion: The New Engagement Funnel in 7 Steps

BEST PRACTICES FOR CONVERSION

INTRODUCTION— THE NEW ENGAGEMENT FUNNEL

In general, most organizations spend more time and money promoting their websites through acquisition channels such as search or affiliate marketing than they do optimizing existing conversion rates.

In addition to neglecting the conversion process, we tend to think of conversion too narrowly as only converting existing site visitors in the, “here and now.” We often overlook applying marketing fundamentals such as identifying and defining profiles that comprise our larger target audience, developing the right offer and corresponding message, and delivering it to them at the right time in their purchase cycle. This can all be summed up with one word: **relevancy**.

Below are two conversion graphics: one is the traditional conversion funnel as we tend to think of it—limited to our website. The other is a much more comprehensive view of conversion—an engagement funnel where we instill relevancy into the conversion process by incorporating fundamental marketing processes and steps.



Traditional Conversion Funnel



Engagement Funnel

7 STEPS TO INCREASE CONVERSION ENGAGEMENT— APPLYING RELEVANCY

1. Identify Conversion Goals & KPIs
2. Define & Acquire Target Profiles—Apply 40/40/20 Rule
3. Organize and Optimize Site Structure
4. Develop a Compelling Message
5. Place Effective Calls to Action
6. Enhance Shopping Cart / Lead Capture Process
7. Test, Measure, and Refine

Volumes of books are written about these seven steps. Here, we’ll discuss both principles and specific best practices, but won’t cover all aspects of every step. If we leave something out, it doesn’t mean that it isn’t important—we simply chose to summarize a best-practice guide and have highlighted some of the key points.

1. IDENTIFY CONVERSION GOALS & KEY PERFORMANCE INDICATORS

Top Three Conversion—Related KPIs

1. Leads or Customers
2. Sales
3. Costs

By applying each of these metrics to specific parts of the engagement funnel, we will effectively measure each step as it relates to overall conversion.



In order to formulate the equation and apply each of these conversion-centric KPIs to the various parts of the engagement funnel, we place the conversion metrics in the numerator and the measures of the engagement funnel in the denominator as outline below:

KPIs PER AD IMPRESSION

LEADS/CUSTOMERS

SALES COSTS

Ad Impressions

$$= \frac{\text{LEADS per Ad Impression}}{\text{CUSTOMERS per Ad Impression}} = \frac{\text{SALES per Ad Impression}}{\text{COSTS per Ad Impression}}$$

KPIs per ad impression indicate performance at the ad placement level, which allow us to measure the effectiveness of our media buying and planning (audience and profile targeting) as well as the effectiveness of our messaging, creative elements, and most importantly, our offering within the ad. Instead of simply measuring the click-thru rate, which only measures the quantity of clicks per ad placement, we can measure the ad effectiveness as it relates to the rest of the conversion funnel in terms of leads, customers, sales, and costs.

How frequently do we misjudge an ad and believe that because the click-thru rate increased, that the overall conversion rate will, “follow suit,” and also increase? We can’t always be sure; let’s assume that we promote a give-away within our ad messaging and it increases the click thru rate, but once the visitor lands on our site, the giveaway isn’t easy to obtain and it actually decreases the overall conversion rate. Measuring the ad-impression KPIs will allow us to manage and measure the engagement funnel from the top to bottom.

KPIs PER UNIQUE VISITORS (OR AD CLICK THRU)

LEADS/CUSTOMERS

SALES COSTS

Unique Visitors

$$= \frac{\text{LEADS per Visitor}}{\text{CUSTOMERS per Visitor}} = \frac{\text{SALES per Visitor}}{\text{COSTS per Visitor}}$$

KPIs per unique visitors (or ad click thrus) indicate performance at the site entry level, which allow us to measure the effectiveness of our landing and home pages. We should substitute unique visitors with ad click thru when we are receiving site visitors from a specific ad campaign and can tie it to a previous ad impression. In this case, we should be using multiple, specific landing pages developed in a relevant fashion for each specific profile (discussed later). In some cases, we don’t know where home page visitors come from due to branding, word of mouth, or other untraceable sources and thus should use unique site visitors in place of ad click thrus (As a side note, the home page should be optimized for the largest profile or target audience group to maximize unique visitor conversion).

Measuring the engagement funnel at the point of site entry allows us to evaluate site effectiveness from a messaging point (audience and profile targeting) as well as site design, additional creative elements, and again, our offering on the site. If measuring ad click-thrus, we should also be cognizant of using consistent messaging and design in our landing pages. Measuring the unique visitor KPIs will allow us to measure the engagement funnel from website to funnel end.

KPIs PER SHOPPING CART ENTRY (OR LEAD FORM ENTRY)

LEADS/CUSTOMERS

SALES COSTS

Shopping Cart Entry

$$= \frac{\text{LEADS per Cart Entry}}{\text{CUSTOMERS Cart Entry}} = \frac{\text{SALES Cart Entry}}{\text{COSTS Cart Entry}}$$

KPIs per shopping cart entry (or lead form entry) indicate the performance of these important site conversion tools. Several organizations stage the steps of the cart or lead form to enable the capture of contact information at different stages. If multiple steps exist as opposed to just one, these valuable names, e-mails, phone numbers, and postal addresses can be used for remarketing purposes. It may also be worthwhile to measure fall-off at each step of this process. We’ll discuss cart or lead form optimization later. Measuring the shopping cart entry (or lead form entry) KPIs will allow us to measure the last component of the engagement funnel.

KPIs PER LEAD AND PER CUSTOMER

LEADS/CUSTOMERS

SALES COSTS

Shopping Cart Entry

$$= \frac{\text{LEADS per Cart Entry}}{\text{CUSTOMERS Cart Entry}} = \frac{\text{SALES Cart Entry}}{\text{COSTS Cart Entry}}$$

KPIs per Lead and Customer are fundamental to a successful business and allow us to measure sales value, associated acquisition costs, and ultimately profitability. Organizations can and should approximate customer lifetime value with repeat purchases as well as customer lifetime costs. This demonstrates overall profitability at the customer level, and extends far beyond the initial sales value.

To effectively measure costs, calculate a media acquisition cost such as, “return on ad spend,” at the campaign level and add in full campaign costs (e.g. cost of campaign production such as give-aways, creative and copy development). We may also be very precise and include the fully-loaded organizational costs that will ultimately provide the net value per customer.

For budgeting purposes, we should always, “begin with the end in mind,” and budget costs and sales at the customer level. So long as the overall sales to cost ratio is within our profitability threshold, we should acquire customers with frenzy. Several organizations permit lower profitability ratios or yield higher profitability ratios depending on the competitive nature of each acquisition channel (e.g. search, affiliate, e-mail marketing).

2. DEVELOP PROFILE FUNNELS AND APPLY 40/40/20 RULE

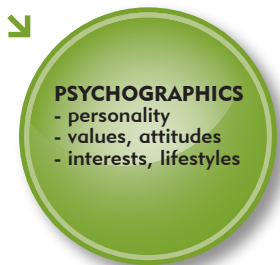
Developing Profile Funnels with Demographic, Psychographic, and Behavioral Data

Let's first define:

Demographic (or market segment): description of vital audience statistics including name, title, occupation, address, phone number, age, social class, gender, etc.



Psychographic: description of audience attributes relating to personality, values, attitudes, interests, or lifestyles



Behavioral: description of audience attributes relating to actions or activities



In a nutshell, **demographics** tell us who an *audience is*, **psychographics** describe their *attitudes and opinions*, and **behavior** tells us *what they are doing*.

Using these three types of data, we can build audience profiles and in turn, develop relevant conversion funnels for each profile. This allows us to deliver the right message, to the right person, at the right place, at the right time through multiple and relevant engagement experiences. We can visualize this with the engagement funnel example below. Multiple audience profiles feed into the top of the engagement funnel as separate and unique conversion experiences. These unique conversion experiences include varying media properties as well as relevant messaging, custom layout / design, and optimized offers within the ads, website, and shopping carts or lead processes.



Applying the 40/40/20 Direct Marketing Rule

Let's apply a bit of direct marketing common sense to our second step: Response-oriented marketing success depends 40 percent on audience targeting, 40 percent on the offer or proposition, and 20 percent on their creative execution. We've just discussed audience profiles, now let's discuss relevant offers. These offers should embody themselves in the messaging and creative execution we choose with every lead or customer acquisition campaign. We must determine what motivates our prospects to click on our ads, visit our website, and ultimately become customers or leads (by providing contact and other qualifying information). Examples of consumer offers include giveaways, free trials, no-risk or money-back guarantees, discounts, sales, and other types of promotions. Examples of business-to-business offers for leads and purchases include how-to-guides, reports, webinars, white papers, case studies, and others coupled with varying degrees of promotions. Throughout the rest of the document we'll discuss varying levels of creative execution relevant to the ads and website, including landing pages, home pages, and shopping carts or lead forms.

3. ORGANIZE AND OPTIMIZE SITE STRUCTURE

Within this section, we'll provide general guidelines to organize your site structure. There are fundamental differences in choosing which principles to use in optimizing the home page vs. landing pages. We'll address both with the following basic principles:

- Ensure that your site is both visually appealing as well as functional. How does your site flow and look in relation to your competitors?
- Ensure that your pages load quickly—within eight seconds. Research shows that if your page is too heavy with imagery or has a poorly devel-

oped code base and takes more than eight seconds to load, you'll lose a significant quantity of visitors.

- Ensure Your, "Critical Elements," are in the upper 300 pixels of the page. Research indicates that fewer than 50% of visitors scroll beyond what already exists at their pane view. If your value proposition is hiding beneath the 300 pixels mark, chances are that you'll lose visitors and they'll quickly depart your home page or landing pages.
- Ensure that you use one column for landing pages and three columns for home pages and where applicable, combine them. In the home page format, use your left column for your primary or secondary navigation, place your promotional messaging and imagery within the center column, and strategically place calls to action for leads or purchases within the right column.
- Use margins to enhance reading comprehension or leave them out if your goal is to increase reading speed.
- Use common web usability standards such as underlining links, using simple and descriptive navigation and others as outlined in Steve Krug's book, "Don't Make Me Think, A Common Sense Approach to Web Usability, Second Edition, 2006."
- Limit the navigation within landing pages so as to drive prospects to the lead form or cart.
- There are many more guiding principles. We implore you to find them, test them and adopt them.

4. DEVELOP A COMPELLING MESSAGE AND MAKE IT READABLE

Developing a compelling message and making it readable applies to both messaging on your website and in your ads. We'll first begin with an easy, but often neglected area: copy organization. A best practice in organizing copy is to begin with a compelling headline, follow it with body copy, summarize key benefits with a paragraph or bullet-list, and then place the call-to-action at the end.

How does this relate to the, "copywriting importance ranking?" Research shows that the headline is the most important component, followed by the call-to-action, and then the body copy. Also important to understand is that site visitors often scan the first three words of sentences and paragraphs as opposed to reading them entirely.

With an understanding of these principles, let's apply several best practices:

- Cascade font sizes with headlines (or page titles) at 14-18 point fonts and body copy between 10-14 point fonts.
- Clearly title pages (other than landing pages).
- Place, "critical," words at the beginning of sentences.
- Highlight information by using colors and bold fonts.
- Make redirects readable; distinct words in URL should be capitalized.
- Use readable sans-serif fonts such as Verdana, Helvetica and Arial.
- Don't write more than 60 characters across—it accelerates reading speed.

- Ensure that key message isn't, "rotating," or animated.
- Keep the first paragraph short—no more than two lines.
- Alter paragraph lengths and use no more than four to five lines.
- Users prefer to scroll on a page as opposed to clicking to a new page.
- Test both short-form and long-form copy pages.

Let's now address the more complicated part: developing a compelling message. Motivating prospective leads and customers has much to do with their psychographic make-up. Accessing research that identifies the interests, attitudes, and opinions allows us to understand the motivations of our multiple target profiles. We can also rely heavily on the fact that most people are motivated by love, fear, and pain (either physical, mental, or emotional). Understanding these key elements, utilize the following guidelines:

- Talk about the customer, "pain," and address it in the form of your solution and benefits.
- Develop a sense of urgency by using deadline sensitive promotions with time sensitive words such as, "now," within the messaging.
- Use customer testimonials to credibly prove that others have found value in your products or services—and minimizes their pain in the process.
- Bottom line—**Make it Relevant** and develop unique messages to each of your profile segments within your audience.

5. PLACE EFFECTIVE CALLS-TO-ACTION

Even though we've already briefly addressed, "calls-to-action," we believe that because they drive response through the engagement funnel, they are important enough to merit their own section. We've found that the having the right call-to-action can double the click thru rate and subsequently double the overall conversion rate. This applies to both ads and your Web site. Several best practice principles are outlined below:

- Be specific with urgency and test the use of exclamation marks in the copy.
- Don't use a generic, "click here." Be specific: if you want them to buy say, "buy now," if they're downloading a resource guide say, "download now."
- Make a button look like a button by using three-dimensional attributes.
- Test bright colors such as red, green, blue and but use color on your site sparingly to enhance the call-to-action buttons without overwhelming the senses.
- Ensure that the key message isn't, "rotating," or animated—users will miss it.
- Test varying call-to-action words, images, and links on the same page to provide diversity.
- If you're not using buttons, underline links or highlight them with color or arrows.
- Place a call-to-action within your top navigation.

6. ENHANCE SHOPPING CART / LEAD CAPTURE PROCESS

A large fall-off percentage occurs within shopping carts and lead forms. As a result, several organizations stage the steps of the cart or lead form to enable the capture of contact information at different stages. As previously mentioned, if multiple steps exist as opposed to just one, these valuable names, e-mails, phone numbers, and postal addresses can be used for re-marketing purposes if the cart or lead form is abandoned before completion. Below are several best practices related to shopping cart or lead form optimization.

- Develop, a "perpetual," Shopping Cart that allows users to see products and totals on every page.
- Describe form fields and use examples (e.g. business e-mail, business phone).
- Test multiple shopping cart or lead form steps—some use one, some use five.
- Test the placement of form fields collection on different steps:

- a. Step 1: e-mail (possibly password)
- b. Step 2: name & phone (possible if telemarketing is used)
- c. Step 3: postal address
- d. Step 4: credit card
- Don't make users fill out two address forms if their credit card billing address is the same as their shipping address (use a, "same," address function).
- If multiple steps are used, allow them to know where they are in the process with a, "progress indicator."
- Allow them to progress through the steps with obvious, "continue," or, "submit" buttons.
- Provide, "reassuring," messaging and creative in each step. If you're asking for an e-mail address, let them know whether or not you'll adhere to a strict privacy policy of not selling their contact information. On the credit card screen, prominently display security certificates. Also test showing visual product or offer thumbnails throughout the steps.
- Use your, "Thank-You," or, "Confirmation," Page for additional cross sells, viral marketing or surveys.

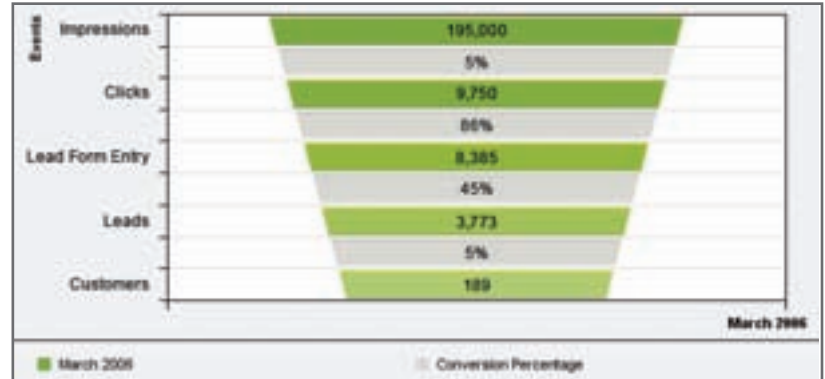
7. TEST, MEASURE, AND REFINE

If there's one message you should have gathered within this guide, it's that you should probably be testing much more than you currently are to increase the customer engagement process. A few best practices to consider:

- Isolate your testing variables to, "one variable," tests if you don't have multivariate testing processes or technologies. If you don't, you'll never be able to attribute conversion gains or decreases to the proper variables.
- Apply the 80/20% / 20/80% rule in testing (I'm not talking about Pareto's law). Generally, you should be testing 20% of your incoming traffic while minimizing risk to the other 80% of the traffic by using your, "control," engagement funnels. Of the 20% test segment, 80% of it should be attempting to, "beat," the control by improving on existing variables, and for the other 20%, you should disregard what we previously said about one-variable testing and throw caution to the wind. Sometimes, there aren't enough resources (site visitors, time, people) to isolate variables one at a time. You may find that in one of these non-isolated variable tests, you have a tremendous increase in engagement—one that you never would have realized had you not developed something completely unique. You'll also have the dilemma of attempting to attribute its success, but in the end you'll have realized substantial gains in conversion.
- Achieve testing statistical significance with at least a 95% confidence interval.
- Measure your results and develop a, "Testing Journal," where you summarize learnings, results, and attribute success or failures based on results. Summarize it monthly, or at least quarterly.
- Refine your testing program to a science—Remember: online marketing is very, "trackable," & measurable.

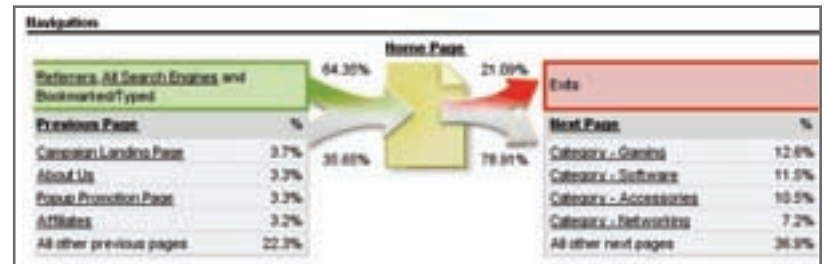
While using SiteCatalyst to measure conversion, you should also consider setting up conversion dashboards with engagement-specific KPIs that get e-mailed to you and other accountable parties on a daily or weekly basis. You can also set up alerts to be sent to you when conversion metrics fall below or exceed pre-defined thresholds. Below are several Omniture SiteCatalyst-specific reports that will allow you to measure the engagement funnel effectiveness.

"FUNNEL REPORT"



- View engagement metrics across specific conversion processes
- Focus efforts on stronger and weaker conversion areas
- Focus entire organization on conversion success

"PAGE SUMMARY REPORT"



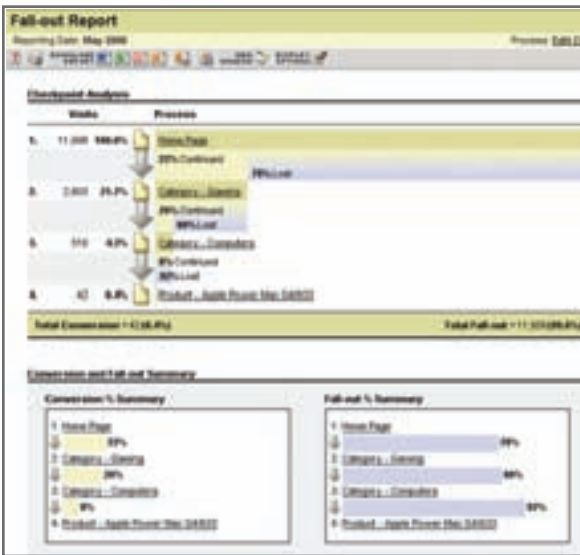
- View categories of lead / customer activity
- Leads / Customers that came from here... went there.

"ACQUISITION CHANNEL REPORT"

Channel	Visits	Clicks	Conversions	Revenue	ROI
1. Direct Search	4,046,709	64,810	496	\$17,394.47	\$176.844
2. Search Engine	2,797,029	2,765	175	\$6,332.36	\$176.888
3. New Computer User	1,798,849	4,875	112	\$6,396.47	\$176.898
4. Acquisition, Sponsored	1,888,139	4,836	106	\$6,541.20	\$176.911
5. Search, Sponsored	616,498	1,298	34	\$1,331.02	\$176.911
6. Email	8,296,031	62,745	369	\$9,618.83	\$176.926
7. Social, Self-Serve	1,000,001	4,765	117	\$6,363.01	\$176.938
8. New Computer User	1,802,000	5,242	132	\$6,398.05	\$176.941
9. Search, Customer Email	864,363	1,295	39	\$1,336.79	\$176.950
10. Search, Sponsored	611,036	1,127	35	\$1,341.03	\$176.950
11. Newsletter	128,387	381	6	\$384.47	\$176.972
12. Affiliate	8,879,215	5,257	319	\$6,342.16	\$176.989
13. New Computer User	1,812,641	4,937	111	\$6,376.06	\$176.993
14. Direct	398,076	768	19	\$672.26	\$176.998
15. Banner	8,884,035	5,983	64	\$6,763.68	\$176.998
16. Social, Self-Serve	888,389	1,314	43	\$1,382.02	\$176.998
17. New Computer User	475,241	1,328	36	\$1,399.44	\$176.998
18. Search, Sponsored	148,361	400	9	\$977.18	\$176.998
19. Search, Self-Serve	188,739	389	8	\$334.34	\$176.998

- View campaign success across acquisition sources
- Validate marketing spend and ROI
- Understand marketing acquisition efforts
- Gain insight on how marketing efforts relate to leads/customers generated

"FALL OUT REPORT"



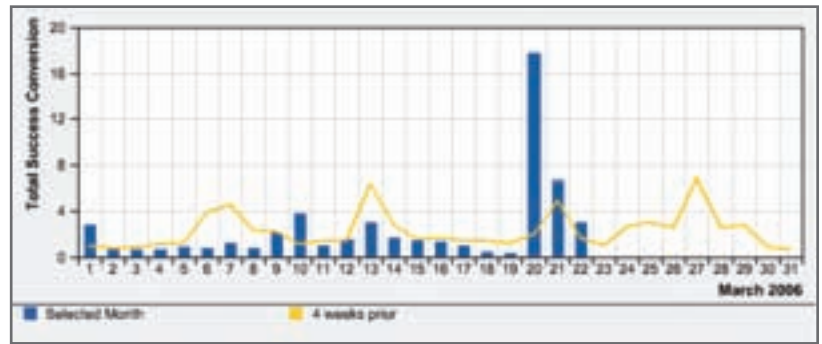
- Determine when visitors leave your site
- Focus on site messaging & redesign efforts
- Create a profile-relevant environment

"NEXT PAGE FLOW REPORT"



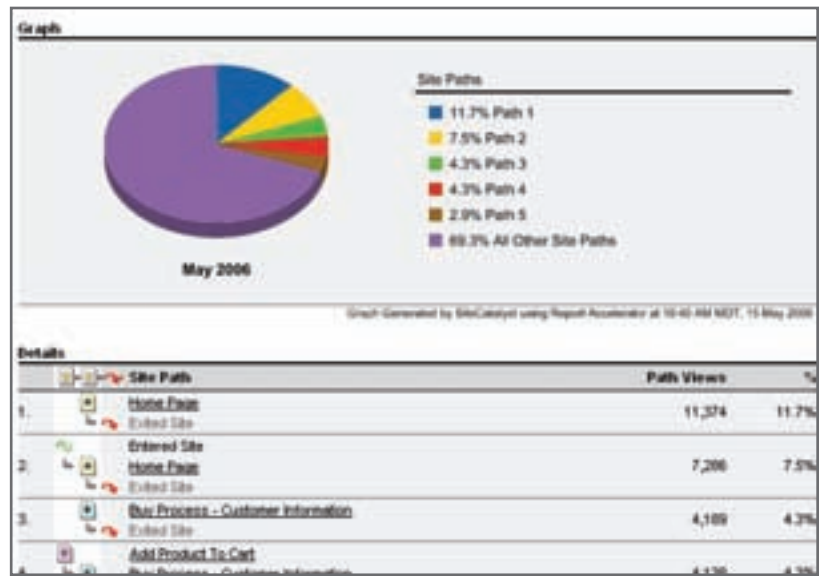
- The visitors' view of your site
- Find out, "What does the visitor want?," from your site
- "What is My Site Missing?," to improve conversion

"CONVERSION RATE BY DAY REPORT" (or varying time periods)



- View conversion from a longer timeframe
- Visualize the impact of successful campaigns (and unsuccessful campaigns)
- Visualize conversion trends compared to previous time periods

"PATHFINDER REPORT"



- What are my most popular visitor paths?
- How can we direct our customers / leads more clearly to conversion?
- Remove unnecessary paths.

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