My STORE

The Voice of Independent Retail in Canada

DRIVING AND CONVERTING WEB TRAFFIC

INCREASE CONVERSION RATES AND COMMUNICATE MORE EFFECTIVELY WITH YOUR CUSTOMERS

BY ROB STOCKS, *President,* IdeaLEVER.com

RETAILER'S GUIDE

Every business requires a strategy to reach its goals. The same applies to the proper management of an e-commerce website to increase online traffic and sales. This *Retailer's Guide* provides tips to help you improve your conversion rates and continue effective communication with your customer after the sale is made.

THINK STRATEGICALLY TO IMPROVE CONVERSION RATES

Converting traffic to your website into sales is critical for any retailer to succeed online. However, helpful tips with respect to ways to do this are hard, if not impossible, to come by. In fact, when conducting an online search for "ways to increase e-commerce conversion rates," Google returns 2 million results. A great many of these "Top 5" and "Top 10" lists offer pretty standard suggestions like "Prominently show a 1-800 number" or "Have a well-defined checkout button."

While the advice makes sense intuitively, very few of the tips are backed with empirical evidence. This is somewhat ironic; since conversion rates are based upon measuring data, shouldn't the ways to increase it also be supported by evidence?

And in a sea of hundreds of tips to improve conversion rates, there are very few advisers who offer clear strategies on how to implement, then measure, their advice.

Over the past 15 years, the ability to test website elements that lead to better conversion rates has gone from fairly crude, to extremely precise. And measuring is as good a place as any to start a conversation about increasing the conversion rate on your website.

Management guru Peter Drucker famously said, "you can't manage, what you can't measure." So first and foremost, the single most important action you can take to improve your website is to measure its activity. Google Analytics (**www.google.com/analytics**) is a great

tool to start measuring your website's activity. And be sure to either train someone in your organization to be proficient in its use or hire a consultant who can help you manage what can sometimes be a complex bit of software.

It's also helpful to make a clear distinction between a tip (a singular change) and strategy (a means by which to achieve results). A tip would be changing a single element on your website like increasing the size of the product images. The strategy to determine whether the size change affects the conversion rate is A-B Testing.

Red Eye, a UK-based web-optimization company, released an excellent report in 2012 that provides great insight into strategies to increase conversion rates (www.redeye.com/the-five-best-ways-to-improve-website-conversion). In the report, Red Eye describes five ways to improve your website's conversion rates. The recommendations are an excellent summary of some of the best practices that can be applied to your e-commerce strategy.

> Developing a successful e-commerce website is a long journey and it should be treated as a process with a budget that will allow for strategy, benchmarks and testing. The most successful e-commerce retailers are those who are extremely organized and set out quarterly goals and budgets.

1. Responsibility ❑

It's important to have a champion within the company that will be in charge of activity related to increasing your website's conversion rate. Operating an e-commerce site is similar to operating a bricks and mortar store. It needs to be managed and staffed by trained professionals.

Those who perform best are the ones who have dedicated the necessary resources (both staff and finances) to ensuring that their website is continually improving. It's generally recommended to allocate double the development cost of the website into staff and marketing. So, be prepared to budget appropriately for the proper maintenance of your website once development has ended. When you're ready to improve your e-commerce site, you can find a comprehensive checklist of activities and responsibilities here: www.idealever.com/internet-marketing/resources/white-papers.htm.

2. A Structured Approach ❑

Developing a successful e-commerce website is a long journey and it should be treated as a process with a budget that will allow for strategy, benchmarks and testing. The most successful e-commerce retailers are those who are extremely organized and set out quarterly goals and budgets that are managed by a dedicated e-commerce team. And, they often have a list of improvements, tests and features that are developed, just as often resulting in impressive incremental returns.

3. Testing ❑

According to the Red Eye report, companies that had improved their conversion results in the previous 12 months did 24 per cent more testing than those who showed no improvement in conversion. And those who had large increases in sales did nearly twice as many tests as the average companies.

A relatively easy test to conduct is related to determining the best placement of the checkout button on your website. First, settle on the design and location of the button on the variable page, and then set up the parameters of the test in Google's Website Optimizer feature in Google Analytics. Over a short period of time (perhaps two weeks), Google will randomly serve the existing design and placement of the checkout button to approximately half the visitors and the test design to the other 50 per cent. It's often found that by prominently placing the checkout button in the header next to the "View Basket" link, retailers are able to increase the conversion rate by more than 25 per cent *see accompanying infographic for a selection of industry conversion-rate benchmarks.

3. Usability Testing ❑

This testing involves a constant refinement of the user experience as it relates to getting the visitor to complete the purchase. This kind of testing is best performed one-on-one by analyzing how your site design is performing and studying how users actually navigate your website. In this type of testing it is important to compare the user behavior with analytics data.

For example, your analytics data can show that your site visitors are abandoning the shopping cart in step 2, but it cannot show the reason they are leaving. By watching a person navigate the shopping cart live, you observe that he or she is trying to go back to see the contents of the shopping cart, but can't find an easy way to do that, so the user leaves. These

THE QUEST FOR ONLINE CUSTOMERS

By Rob Stocks, *President*, ideaLEVER.com
Powerful eCommerce solutions since 1996.

HOW DO YOU RATE?
A COMPARISON OF CONVERSION RATES

Global Conversion/Cart Abandonment Rate: 3.5%/70.6%
Fashion & Apparel: 2.9%/74.6%
Catalogue: 3.8%/71.8%
Specialty: 7.7%/59.1%
Outdoor & Sports: 2.6%/73.5%
Software: 3.3%/75.4%

ROOM FOR IMPROVEMENT
GLOBAL LEADERS IN CONVERSION RATES

1. **Schwan's** (Food): 41.7%
2. **ProFlowers** (Flowers & Gifts): 26.5%
3. **Vitacost.com** (Health & Nutrition): 24.0%
4. **Woman Within** (Catalog/Clothing): 22.4%
5. **Blair** (Catalog/Clothing): 20.5%
6. **Lands' End** (Catalog/Clothing): 19.5%
7. **Doctors Foster and Smith** (Pet Supplies): 18.6%
8. **Office Depot** (Office): 18.4%
9. **Roaman's** (Catalog/Clothing): 18.4%
10. **QVC** (Jewelry): 18.3%
Amazon (For Comparison): 16.5%

Source: The Nielson Company 2010 and Fireclick.com   Infographic: ideaLEVER.com and Scope Media   ©iStockphoto.com/akindo

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observations will allow you to objectively evaluate the design of your website and make improvements based on your findings.

4. Segmentation ❏

By understanding the main demographics within your customer base you can more effectively market and cater to their needs. Some of the key ways in which you can define your customers may be by the following:

• Geography
• Behavior
• Gender
• Transaction history
• Channel (eg. Mobile)
• Hobbies

To take full advantage of segmenting your customers, think of how you might create a more powerful experience with them through your digital assets by showing the right content to the right person at the right time. Some key channels in which successful companies are delivering segmented content include: eMail and drip campaigns, customer analysis (analyzing buying habits of key demographics), search marketing, offline follow up (direct marketing, call-centre) and website personalization.

Online entrepreneurs are often focused on generating more revenue by getting more visitors through website-marketing programs. While this activity is important, an equal amount of resources should be devoted toward increasing conversion rates.

Let us assume your website is getting 2,000 visitors a month and you're converting two per cent of those visitors to paid visitors for $5,000 in revenue. By increasing the conversion rate to three per cent, you would be increasing your gross revenues by 50 per cent to $7,500. Or it would be the equivalent of adding 1,000 additional visitors to your website.

At the end of the day, there are two ways to increase your sales. Drive more people to your site, and increase the conversion rate of your current visitors. If you can do both, you will see dramatic growth for your business and e-commerce performance.

CREATING STRONGER CONNECTIONS WITH YOUR CUSTOMERS

Once you've started to optimize your e-commerce site and have conducted the necessary testing to ensure the continued success of your online initiative, it's time to create and deliver marketing messages that will drive traffic to your website and bring repeat business to your business. This can be done by automating your marketing to your customers for seamless and effective communication.

TAKE FIRST STEPS TOWARD MARKETING AUTOMATION

Marketing automation is the holy grail for e-commerce businesses in search of greater efficiencies. When performed correctly, this strategy can reduce labour costs, increase the lifetime value of a customer, create better qualification of leads, and foster stronger connections with customers.

And, despite the size of the operation or the resources available, it's definitely doable for any retailer. There are, however, four key things to consider when entering into marketing automation:

1. Which solution is best? ❑

There are dozens of e-commerce solutions in the marketplace today, and they each have their own unique auto-response features. You'll want to be sure to select the right solution for your business and amount of traffic that you're driving to your site.

2. e-news is good news ❑

There are also several key players in the eNewsletter market. Despite which provider you go with, remember that this is a wise investment as today's customer wants to hear from you in as many different ways as possible. eNewsletters are a great way to get your message in front of them, allowing them to interact with your message when the time is right for them.

3. Where are your customers talking to each other ❑

There are five major social media sites (Facebook, Twitter, Google Plus, Pinterest and Instagram) with dozens of others. Finding out where your customer is interacting with the world, and where they may be looking for you, is essential toward getting your message in front of them.

4. Analyzing and measuring performance ❑

There's a myriad of third-party analytics software providers that can help you make sense of the reams of data you'll be collecting. And, as we steadily approach the days of big data and retailers' ability to effectively mine the data for clear and pointed insights regarding the customer, this step will become increasingly important.

To automate your marketing effectively and enhance the standing of your business, you'll need to find some way to tie all of these components together. Here are some first steps that you can take to get your business on the path toward marketing automation.

IMPLEMENT AUTO RESPONSE

Each software platform has its own suite of auto-response features. And comparing them can be a little bewildering. What's important to note is that the software must be able to capture customer information and offer an easy way to create drip-marketing campaigns.

In certain software packages, like IdeaLEVER's CommerceCM, messages can be customized to any number of variables: time (eg. It's been 11 months since you purchased your battery and this is a reminder that it probably needs to be replaced), scheduled releases, thank-you messages, tell a friend or cross selling.

E-NEWSLETTERS

According to a study by the Aberdeen Group, personalized emails increased click-through rates by 14 per cent and conversion rates by 10 per cent. A compelling reason to find a way to integrate your database with your email software.

The two titans of e-Newsletters are, of course, Constant Contact and Mail Chimp. Mail Chimp provides a host of integration features to off-the-shelf e-commerce platforms and will allow you to pull data to help you customize your newsletter campaigns.

SOCIAL MEDIA

As with the other pillars of Marketing Automation, each e-commerce platform has its own set of social media tools. The key for business owners is to understand that social can be a time consuming endeavor and is best coordinated with a management tool like Hoot Suite or Sprout Social—each acting as dashboards to help manage social network integrations.

Increasing your website's conversion rates while continuing to increase traffic is a surefire way to build your business and increase your relevance as a retailer in the twenty-first century. Implementing these tips and measuring their effectiveness will allow you to do this and will help in reaching your customer with relevant and meaningful marketing messages, while building a lasting relationship with them. **MS**