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QUICK GUIDE TO ONLINE TESTING

10 tactics to start or expand your testing process

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Quick Guide to Online Testing

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TACTICS YOU CAN LEARN OVER LUNCH

Welcome to *Quick Guide to Online Testing* – a resource from MarketingSherpa featuring bite-sized tips for busy marketers.

In this report, we offer ideas for starting or expanding your online testing process.

Testing is a fundamental part of every marketing campaign or process. It is also one of the most valuable; careful testing can help you save lots of time and money on ineffective tactics, and can also help you get the maximum benefit from your efforts. Testing can also reveal surprising findings that may change what you thought you knew about best practices and smart tactics.

Testing can be intimidating to marketers, especially since the prospect of trying to test all moving parts involved in a typical campaign can seem overwhelming. However the benefits are definitely worth the effort—and the good news is, there are some basic steps you can take to make testing a more manageable process.

In this report, we'll show you:

- Tips for getting executive buy-in
- How to overcome or minimize risks
- The best way to approach metrics
- Why a systematic approach is a must

We know you're in a hurry, so let's get started. We're eager to share these tips on how you can take the headaches out of your testing strategy.

Bobbi Dempsey
Editor, *Quick Guide to Online Testing*

About the *Quick Guide Series*

MarketingSherpa's *Quick Guide Series* is designed with you, the busy marketer, in mind. We provide quick, simple tips you can use right away.

For each *Quick Guide*, we scour the vast MECLABS library of marketing research, from MarketingSherpa case studies and Benchmark Reports, to MarketingExperiments optimization tests and analysis. We highlight tips to help improve your marketing performance right now … or at least by the time you're done with lunch.

Tactic #1: Get executive approval

One of the biggest initial challenges for any new process is getting executive buy-in. In the MarketingSherpa article, "Website Optimization: Testing program leads to 638% increase in new accounts," the team at Active Network wanted to launch a testing and optimization process focused on one of their main webpages for their RegOnline brand. It was an extensive project that they hoped would result in a major shift in the dynamic of the business.

Robin Jones, Vice President Marketing, Active Network, explained, "The biggest obstacle, I believe, to get the process started was executive buy-in for the investment itself." She said Active Network is a very data-driven organization that makes investments based on expected returns. The marketing team took a "really hard look" at the RegOnline property and identified it as a real opportunity for improvement through testing.

Because every business area is looking for dollars in each budget cycle, their marketing team presented the program based on the expected return on the investment. The pitch was successful, and the company began the testing and optimization process on the RegOnline homepage.

If you are looking for executive approval for a testing program, one approach is to create a document that "sells the test" and provides information, such as

- The problem to be solved or opportunity to be exploited
- The hypothesized solution to that problem or opportunity
- The plan of execution, with details including traffic and time estimates

This document also helps you refine the testing plan to account for risk, account for limitations, and account for all the moving parts testing entails. Like Active Network found, often the best way to get approval for a testing program is to calculate all of these elements and go to the C-suite with, "Here is the potential for this testing plan."

Tactic #2: Overcome testing risks

Testing does present risks, particularly when testing a marketing channel that produces a high percentage of revenue like the RegOnline homepage mentioned in Tactic #1, which drives about 90% of the brand's total income.

When split testing with a control and treatment, and the treatment consistently loses to the control as in the first three tests on the RegOnline homepage, Web visitors who were sent to the treatment represent actual lost revenue. This can lead to a major obstacle—discouragement. And more than just discouragement, it also creates real, and justifiable, concern that the testing program is creating a drain on the business.

The answer is to conduct testing on less "mission critical" areas within the campaign— in Active Network's case, dedicated landing pages—to ease some of the lost revenue pressure, and to gain insight that can be taken back to the key homepage tests, and inform new treatments that will hopefully beat the control.

"Because there is so much business risk testing on our homepage," said Lauren Guinn, Director of Online Marketing, Active Network, "we shifted to smaller tests on other channels and then applied these learnings to big tests on our homepage."

The smaller channels were SEO and PPC landing pages, PPC ad copy and email messaging. The first smaller channel test was on an SEO landing page and pitted the control against one treatment. The goal of the test was to find the combined effect of page presentation elements. The treatment differed from the control by removing navigation from the top of the page, adding key links to the bottom of the page, and removing multiple calls-to-action in favor of a single CTA.

The result of this test was impressive, and was the first "win" of the testing program. The treatment beat the control in start rate by 1,312% and conversion rate by 548%. This success gave the team valuable visitor information, and the confidence to go back and begin testing on the RegOnline homepage leading to additional winning tests.

Tactic #3: Choose the right testing platform

Of course, you should consider which testing platform is best for your organization. According to Todd Barrow, Senior Manager, Application Development, MECLABS, here are some factors you should consider:

- Cost: Both cost of the software itself as well as your own costs of implementation
- IT Requirements: Can you make changes yourself or do you have to rely on development for each change? If so, what are your development resources? Does the tool have a WYSIWYG editor for basic layout or do you need customized HTML for each treatment?
- Support: Do you have phone support or are you on your own?
- Technology Ecosystem: What is your current Web platform (for example, a content management system or static pages) and how will this new platform impact it?

"Even so-called 'free' software has costs as well," Barrow said. "You have to pay someone who knows how to use it to implement it."

Tactic #4: Organize your metrics

Testing involves metrics—there's just no getting around that. In the MarketingExperiments blog post, "Test Plan: Build better marketing tests with the Metrics Pyramid," Jon Powell, Senior Research Manager at MarketingExperiments, said many people are intimidated by metrics—but he suggests making them more manageable by boiling them down into four categories, which he dubs the Metrics Pyramid.

METRICS PYRAMID   **5**
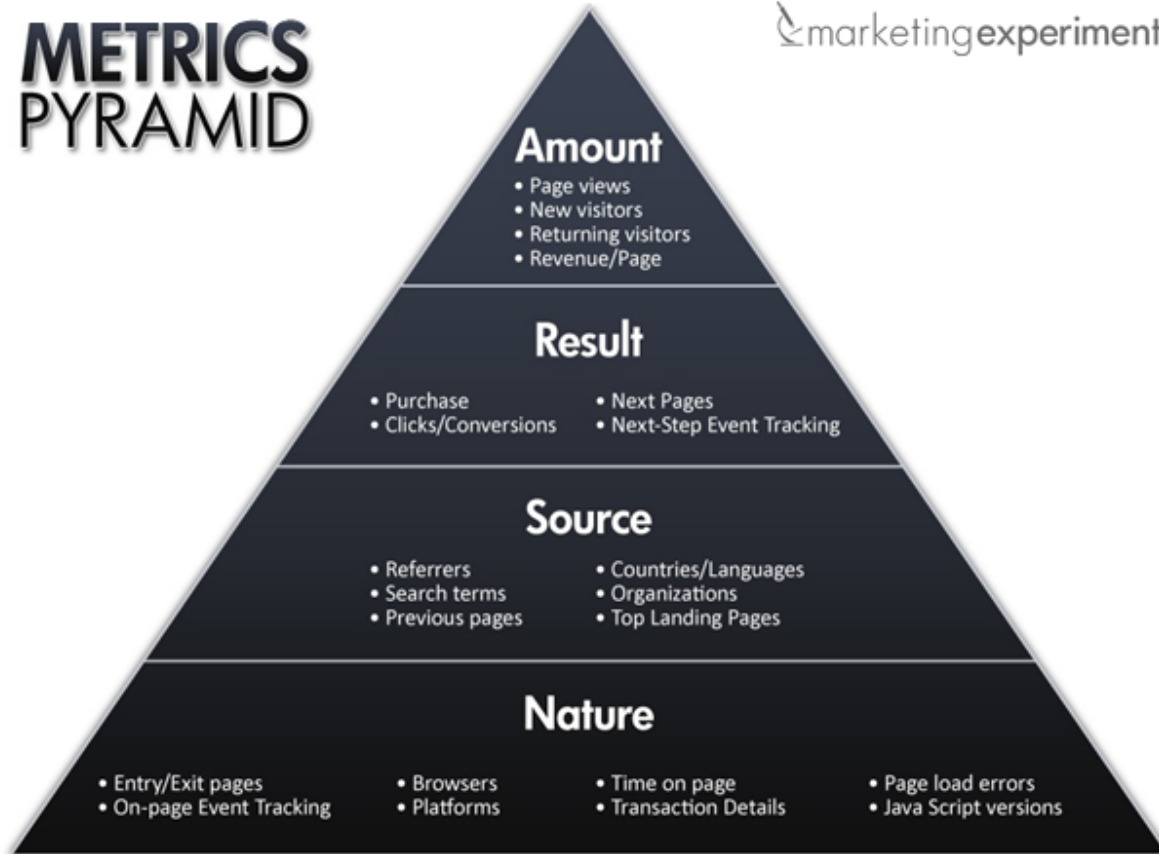
Group 1: Nature (the Why)

If you want to know *what people are experiencing (or buying) on your pages*, then look at this metric group. Common metrics in this group include:

- Event tracking
- Browsers/platforms
- Time on page
- JavaScript versions
- Transaction details

Use this group of metrics to **find big problems people may be experiencing on your site**.

Group 2: Source (the Who)

If you want to know **where people are coming from**, then look at this metric group. Common metrics in this group include:

- Referrers
- Search terms

- Countries and languages
- Top landing pages

These metrics often give clues to the motivation of your visitors and allow you to understand how many different types of visitors are coming to your pages.

Group 3: Result (the What)

If you want to know **what people do** once they get to a page, look at this metric group. Common metrics in this group include:

- Conversions/purchases
- Clicks
- Next pages/requested pages

These metrics are like mile markers on your highway to conversion. What markers must people take to get to the end of the road? At what markers do people get off the highway and get off track? If you can figure out what critical path visitors must take to impact your bottom line, you can determine where leaks are in your funnel (and start thinking about how to patch them).

Group 4: Amount (the Where and When)

If you want to know **what pages people are viewing**, this is the metric group for you. Common metrics that are a part of this group include:

- Page views (unique, not unique)
- Visitors (new and returning)
- Visits
- Total revenue

For more on metrics, check out the MarketingExperiments blog post, "Metrics that matter—digging into the customer's mindset."

Tactic #5: Estimate the test's potential impact

You should take time to evaluate the potential impact of tests before you start, so you can be sure to focus your energies on those most likely to produce useful results.

As noted in the MarketingExperiments blog post, "Video: Testing and Optimization: Involve IT when prioritizing testing sequences," this is where involving IT in the process can be so important. Letting the IT team take an active role in the discussion—and seeking their input on the feasibility and difficulty of particular tests—helps you balance the potential best optimization options against the time and difficultly element from an IT perspective.

That blog post refers to a video from Optimization Summit 2012 that features the presentation, "Where to Test, What to Test, What to Ask," by Tony Doty, Senior Research Manager, MECLABS, Daniel Burstein, Director of

Editorial Content, and Adam Lapp, Associate Director of Optimization and Strategy, The video suggests using the pyramid in Tactic #4 to help prioritize your testing sequence. It also illustrates how you can use a Test Plan document to prioritize tests once you've estimated the conversion and IT impacts of potential tests.

Tactic #6: Focus on the right thing

As noted in the MarketingExperiments blog post, "Optimization 101: How to get real results from A/B testing," marketers often waste time and money conducting tests they think will get quick results, but in the end don't provide information of much value.

When we can use a test to effectively hone in on what makes our customers tick, we can gain the maximum result. Take the landing page test that was featured in "Negative Lifts: How a 24% loss produced a 141% increase in conversion," for instance.

By focusing on the maximum customer insight, the marketer in this example was able to use an initial loss to his/her advantage. For the initial test, the marketer determined a process-based approach to conversion (i.e., sign up for your free trial) did not resonate with customers.

For the second test, they moved to a lower-risk page with similar customer traffic and tested a product-based approach to conversion (i.e., this product is valuable and you should try it).

When they discovered this approach worked, it eventually led to a 141% increase on the homepage. Also, they were able to apply that same insight to all of their pages for a huge lift across their entire Marketing-Sales funnel.

Tactic #7: Use a systematic approach to testing

You can avoid wasting valuable time and resources by following a system for testing. Here is the process we use for every test conducted at MarketingExperiments (the sister company of MarketingSherpa), boiled down for simplicity:

Step 1: Gather the customer data you already have

The first step involves gathering everything you already know about how your customer acts on your pages and even off your pages (on your competitors' pages).

If you've already run some A/B tests on your site, use that data if you can. If not, use what you have. Here are a few places you can look:

- Your analytics platform
- Customer reviews
- Social media
- Quick Google searches for your keywords
- Conversations with Sales/Customer Service

Step 2: Determine some of the major problems in your conversion process

Once you've gathered all the data you can, it's time to sift through it and determine where the major problems are in your conversion process. For help with this, please refer to the patented MarketingExperiments Conversion Sequence heuristic.

Step 3: Hypothesize solutions that directly correspond to those problems

Let's say that by applying the Conversion Sequence heuristic to your existing customer data, you've found that most customers are anxious about buying product X from you because they've never heard of your company. Assuming this is the biggest problem you've found and is therefore a priority, you might hypothesize that by creating treatments that highlight the credibility of your company, you will be able to get a conversion lift.

Step 4: Develop treatments that directly test your hypothesis

Resist the temptation to develop treatments you think will get you results. Stick to the plan. You need treatments that test your hypothesis and ONLY test your hypothesis.

This does not necessarily mean you can only do single-factor split tests. It does mean that whatever variable you change must be because you think it will help to solve the problem and test the hypothesis you originally developed.

Step 5: Run a valid test

This seems to be the hardest part for many marketers. Besides calculating for statistical significance, there are several other validity threats to consider that will undermine your test results. (Note: for more extensive help in understanding how to run a valid test, check out our online testing course.)

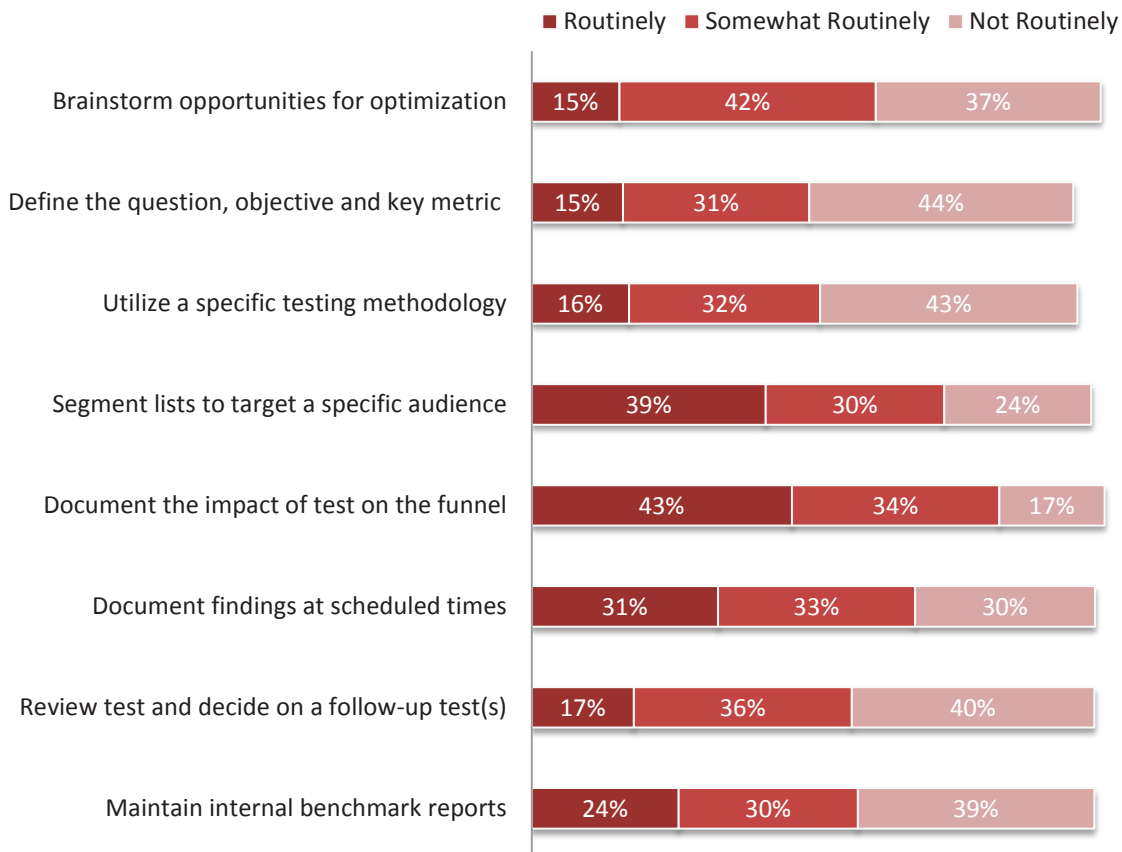**Step 6: Gather the customer data you've just generated (rinse and repeat)**

While you may not get a lift on your first test, at least you'll know why. And that's one step ahead of your competition on the road to real results with A/B testing.

Tactic #8: Make sure you ask the right question

In the MarketingExperiments blog post, "Marketing Optimization: You can't find the true answer without the right question," Daniel Burstein, Director of Editorial Content at MECLABS, notes that many marketers have one fundamental problem when it comes to testing—they don't know what question they are asking. He points out that—as illustrated in the chart below—the MarketingSherpa 2012 Email Marketing Benchmark Report (free excerpt at link) shows that 85% of marketers don't even know *why* they're running the tests they conduct.

Chart: More time needed for brainstorming and defining the testing objective

How routinely does your organization implement the following testing practices?

■ Routinely ■ Somewhat Routinely ■ Not Routinely

Practice	Routinely	Somewhat Routinely	Not Routinely
Brainstorm opportunities for optimization	15%	42%	37%
Define the question, objective and key metric	15%	31%	44%
Utilize a specific testing methodology	16%	32%	43%
Segment lists to target a specific audience	39%	30%	24%
Document the impact of test on the funnel	43%	34%	17%
Document findings at scheduled times	31%	33%	30%
Review test and decide on a follow-up test(s)	17%	36%	40%
Maintain internal benchmark reports	24%	30%	39%

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Source: ©2011 MarketingSherpa Email Marketing Benchmark Survey
Methodology: Fielded July 2011, N=2,735

Which begs the question: Why bother taking the time to set up a test if you don't know what you're looking for in the first place?

There are a lot of steps that go into preparing for a test, but the research question will play the biggest role in guiding your test design.

1. Start with asking "what" you want to know

Clearly you're running a test for a reason. Write that question down on a piece of paper. Make sure all of the key players involved agree on what you are trying to learn.

2. Turn this into a question of "which"

To narrow your focus, you want to ask a question of "which." Not only will this force you to think about exactly how you're designing your test, it helps you create a testing-optimization cycle to continually learn about your customers from your tests and improve your marketing performance.

3. Add in your KPI

So now you know exactly which prices (technically speaking, which values of your variable) you need to design a test around. The next question you need to ask is – how do I pick a winner? You certainly don't want to write the rules after the fact.

"My favorite analogy for this is throwing a rock in the forest and saying, 'Look, I hit that tree,'" said Phillip Porter, Data Analyst, MECLABS. "If you aren't aiming for something before you start, how do you know if you hit what you aimed for?"

In other words, what KPI (key performance indicator) will help you determine which value is the winner?

Once you answer that question, everyone on your team (and everyone on your team a year from now) knows exactly how you define "best." If you don't think through and define the question beforehand, you might just try to come up with an answer based on whatever metrics you had on hand after the test is run. For example, choosing sales instead of revenue, and picking a winner that sells more product but generates less money in your pocket.

You might also not even have the chance to redefine the rules after the test is run since, depending on the metric, the testing platform, and your transactional data system, you might not have captured the KPI that you later determine would have been most effective to know.

In the end, the value of the research question is that it helps ensure all the effort and resources you invest in testing and optimization gets you to where you want to go.

Tactic #9: Don't make things overly complicated

It's easy to get carried away (and become overwhelmed) by testing, because there are so many different things you can test. But as noted in the MarketingSherpa article, "E-commerce: Adding trustmark boosts sales conversion 14%," not every test has to be complicated to offer impressive results. Sometimes testing a single element can prove valuable.

ModernCoinMart, a division of John Maben Rare Coins, Inc., outsources its Web hosting to a third party. While the hosting company scanned the e-commerce site for security issues such as viruses or vulnerabilities, ModernCoinMart did not have visibility into those reports.

The team wanted a way to reassure customers that their credit card and personal information was secure, so they decided to enlist the services of a separate website security vendor that could provide ModernCoinMart reporting on the security of its website, as well as a trustmark that might reassure customers of that security.

The website security vendor offered ModernCoinMart a 30-day trial of its product, which offered an opportunity to perform an A/B split test on how ModernCoinMart's customers responded to the vendor's trustmark on the website.

The main "under-the-hood" element of creating the website test was a special "survey code" used to serve the trustmark to website visitors on the ModernCoinMart website.

EXAMPLE: MODERNCOINMART TRUSTMARK TEST
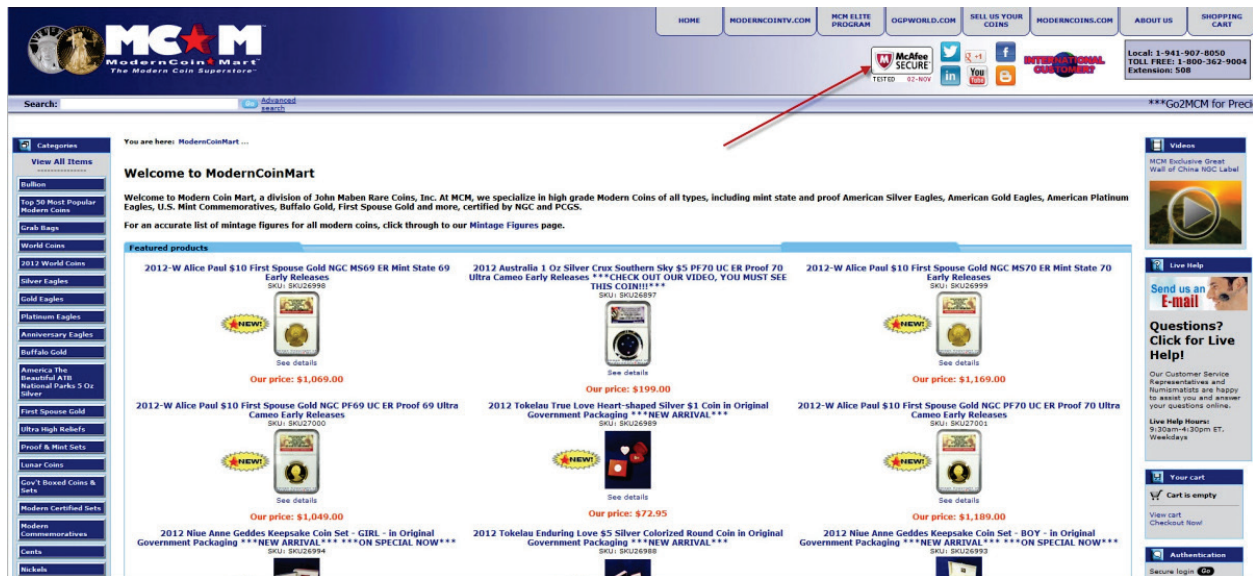
The test ran for 30 days, splitting website traffic between the original ModernCoinMart website, the control in this case, and the website with the trustmark, the treatment. The only difference between the control and treatment was the trustmark, placed in an area of the treatment that would have been blank space for visitors to the control site. At the end of the thirty days, the treatment website featuring the trustmark beat the control with a 14% increase in sales conversions.

The MarketingSherpa article, "Website Optimization: Simple A/B test adds 'thousands and thousands of dollars' to Cars.com's bottom line," involved a similar scenario, with Cars.com running an A/B test to determine the effect of adding an online security badge to one of their sites. The homepage treatment with the security badge showed a 2.66% increase in online lead conversions.

Of course, if you do have the time and resources, it is worthwhile to consider each part of your process, as every little step presents opportunities for improvement—which in turn can add up to big results, as noted in the MarketingSherpa article, "Testing and Optimization: Effort across entire PPC funnel leads to 83,000% boost in membership application performance."

Tactic #10: Make the most of the sample you have

When running a test, the bigger the sample size, the better. But sometimes—especially in the case of small businesses—you don't have the luxury of access to lots of people. In that case, you need to maximize what you have. Here are some tips from the MarketingExperiments blog post, "A/B Testing: Working with a very small sample size is difficult, but not impossible."

Tip #1: Decide how much risk you are willing to take

Testing, sample sizes and level of confidence are really all about risk. At MECLABS, our standard level of confidence (LoC) is 95%. This means we are only willing to take a 5% chance that the results we found were just a fluke. However, you may decide you are willing to accept an 80% LoC.

When looking at LoC with a small sample size, you must keep in mind that testing tools will consider small sample size when calculating the LoC; therefore, depending on how small your data pool is, you may never even reach a 50% LoC.

If this is the case, you should look at the relative conversion rate difference between your two treatments after the test. If a treatment has a significant increase over the control, it may be worth the risk for the possibility of high reward. However, if the relative difference between treatments is small and the LoC is low, you may decide you are not willing to take that risk.

Tip #2: Look at metrics for learnings, not just lifts

While most companies test and analyze metrics with the end goal of increasing some type of monetary number, you can also look at data to better understand your customers. By gathering learnings from your test, even if you don't validate, you can leverage these learnings on the next treatment you design.

There are four helpful metrics you can look at that generally don't fluctuate much as sample sizes differ:

- Next page path — Where are users going? Products page? Pricing page? FAQ? This can tell you what type of information for which people are looking.
- Pages-per-visit — You can determine how much information users are looking for with this metric. Because there is a limit on this (the number of pages on your site), it will often be safe to use, but keep in mind that it *is* an average, meaning outliers can skew the results.
- Exit pages — Knowing where people are leaving from can highlight pages you may need to improve.
- Traffic sources — Where are they coming from, and how does each channel perform separately?

On top of these, create a segment in your data platform that includes only people who completed your conversion action. How did they perform differently than those who did not? Did they view more pages? Different pages? Did they come from a specific traffic channel? Knowing these things will help you optimize your marketing efforts.

One metric you may *not* want to look at is average time on page, as it can be misleading with a small sample size. If a few people leave their windows open for an hour, that's going to drastically skew the metric. Most platforms allow you to exclude outliers, but you should still be careful of this one.

Tip #3: Try sequential testing

An alternative to A/B split testing is to do sequential testing. Run one treatment, next run another, and then compare. This way you have double the traffic to each treatment. Make sure you set your test for a time that historically performs very evenly and there are no external validity threats occurring, such as holidays, industry peak times, sales, economic events, etc.

Tip #4: Test radical redesigns

At MECLABS, when we know we have a small sample size to work with, we usually try to create what is called a radical redesign to make sure we validate on a lift or loss. Radical redesigns make very drastic changes. The more radical the difference between pages, the more likely one is to outperform the other.

Note: for more thoughts on sample size, see the MarketingExperiments blog post, "Marketing Optimization: How to determine the proper sample size."

Useful Links and Resources:

MarketingSherpa Video Archive: Where to Test, What to Test, What to Ask

MarketingExperiments Blog: Online Testing: 3 takeaways to get the most out of your results

MarketingExperiments Blog: Online Marketing Tests: How do you know you're really learning anything?

MarketingSherpa Blog: A/B Testing: 4 tests from a crowdfunding site with double-digit results

MarketingSherpa Blog: A/B Testing: Why don't companies track ROI of testing and optimization programs?

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