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web optimization summit 2014

e-commerce

The Nuts and Bolts

How one company implements an entire testing methodology every day

Ryan Hutchings
Director of Marketing
VacationRoost

Daniel Burstein
Director of Editorial Content
MECLABS

Session speaker

@HutchSEO

Ryan Hutchings

Director of Marketing

VacationRoost

Hutchings has more than 10 years of online marketing experience. He leads the marketing team for VacationRoost, a $120 million private company in the travel industry. From advertising to analytics, he organizes a comprehensive and robust online marketing strategy focused on tracking and optimization. His specialties include SEO, PPC, testing, conversion rate optimization, advanced data modeling, analytics and every technical aspect related to online marketing.

Hutchings is a Google AdWords certified professional, SEOmoz Pro member, nationally recognized industry speaker and participant of top online marketing communities. He also help found the SLCSEM organization, which is Utah's largest nonprofit group of online marketing professionals.

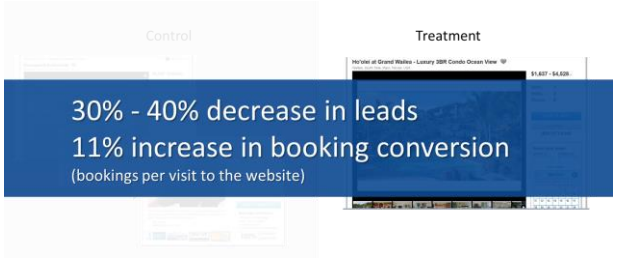
About VacationRoost

About VacationRoost

- 25 websites
- Always running 2 to 3 tests
- 100+ tests run across landing pages, homepages, lead forms and shopping carts
- Goal of 10% incremental lift in total revenue generated by testing

26% lift in CTR

Fail – no lift.



30% - 40% decrease in leads
11% increase in booking conversion
(bookings per visit to the website)

427% increase in CTR

58% increase in CTR

Fail – no lift.

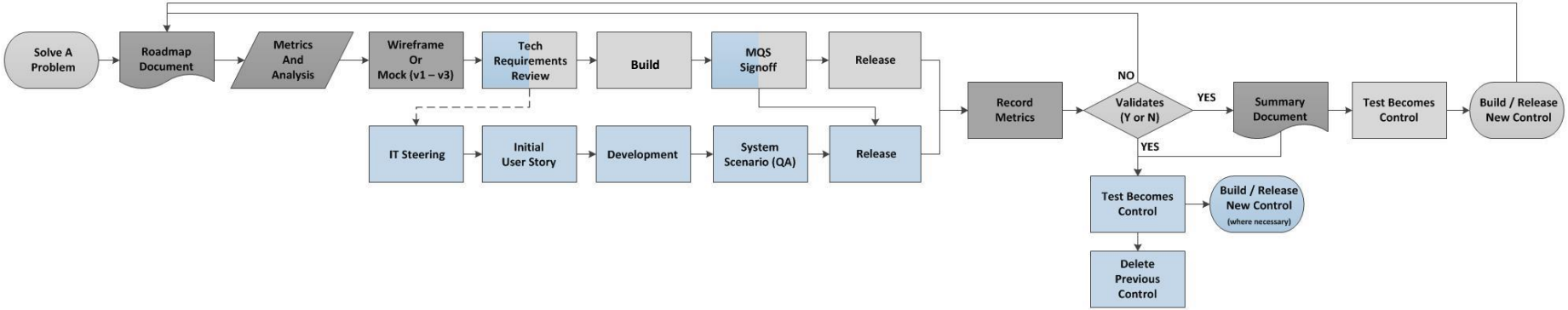
30% Decrease in bounce rate
$17,000 in additional sales annually.

32% lift in CTR

and hundreds of other tests….

How can marketers systematically run tests to achieve consistent lifts?

An overall testing process …



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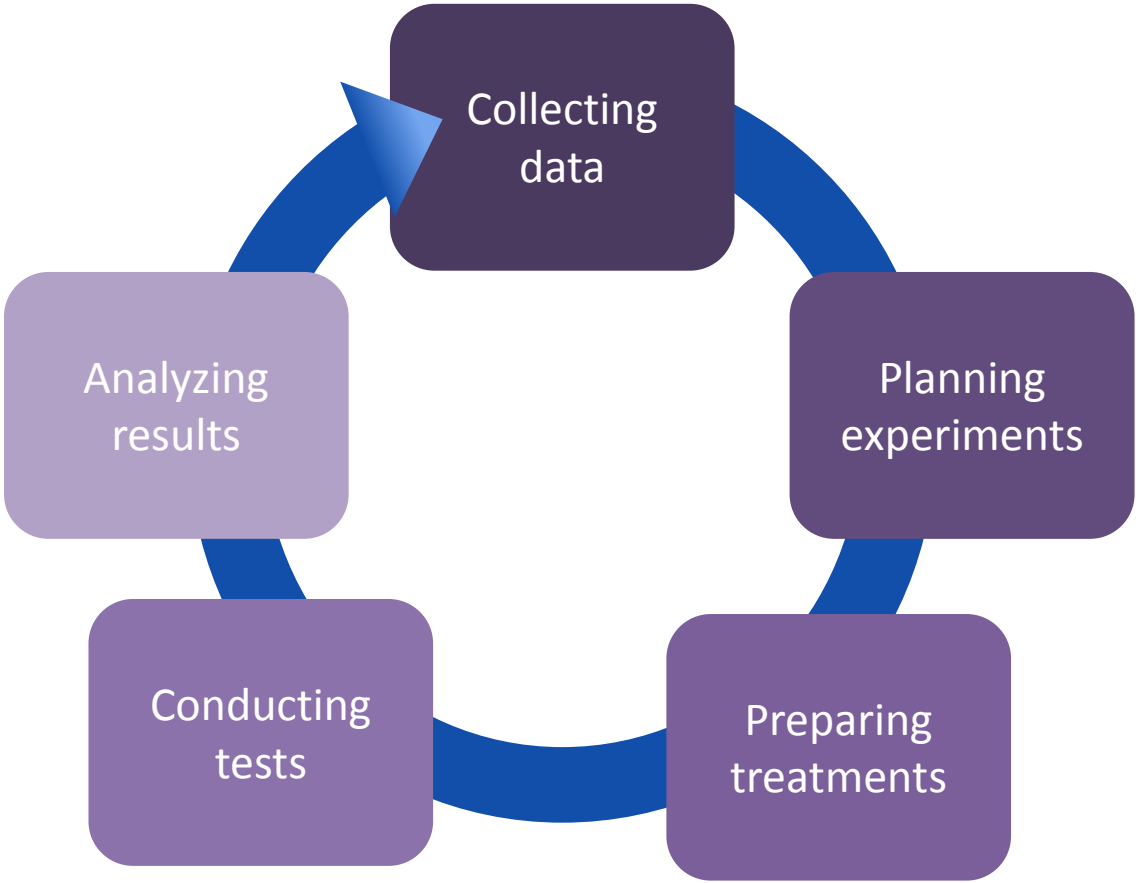
… to support an iterative optimization cycle



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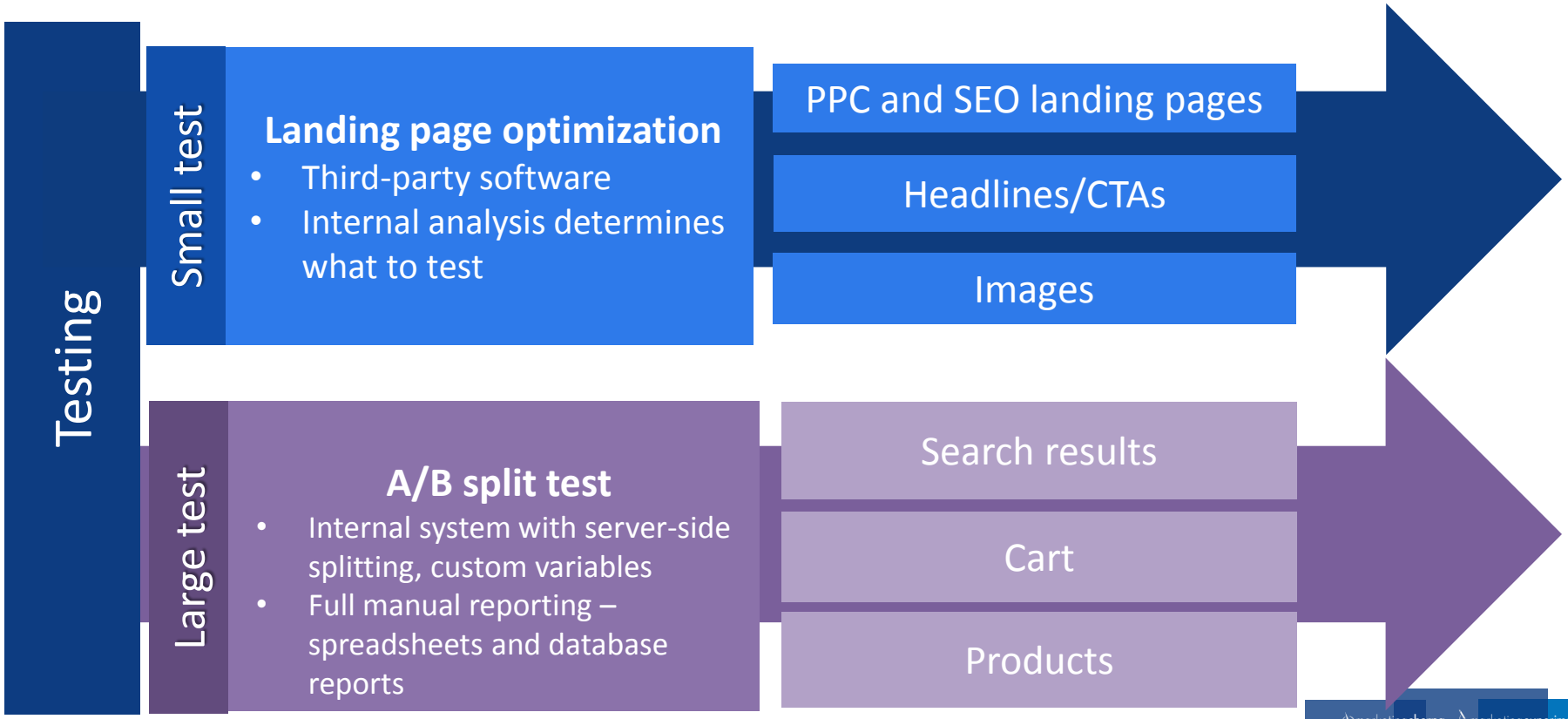
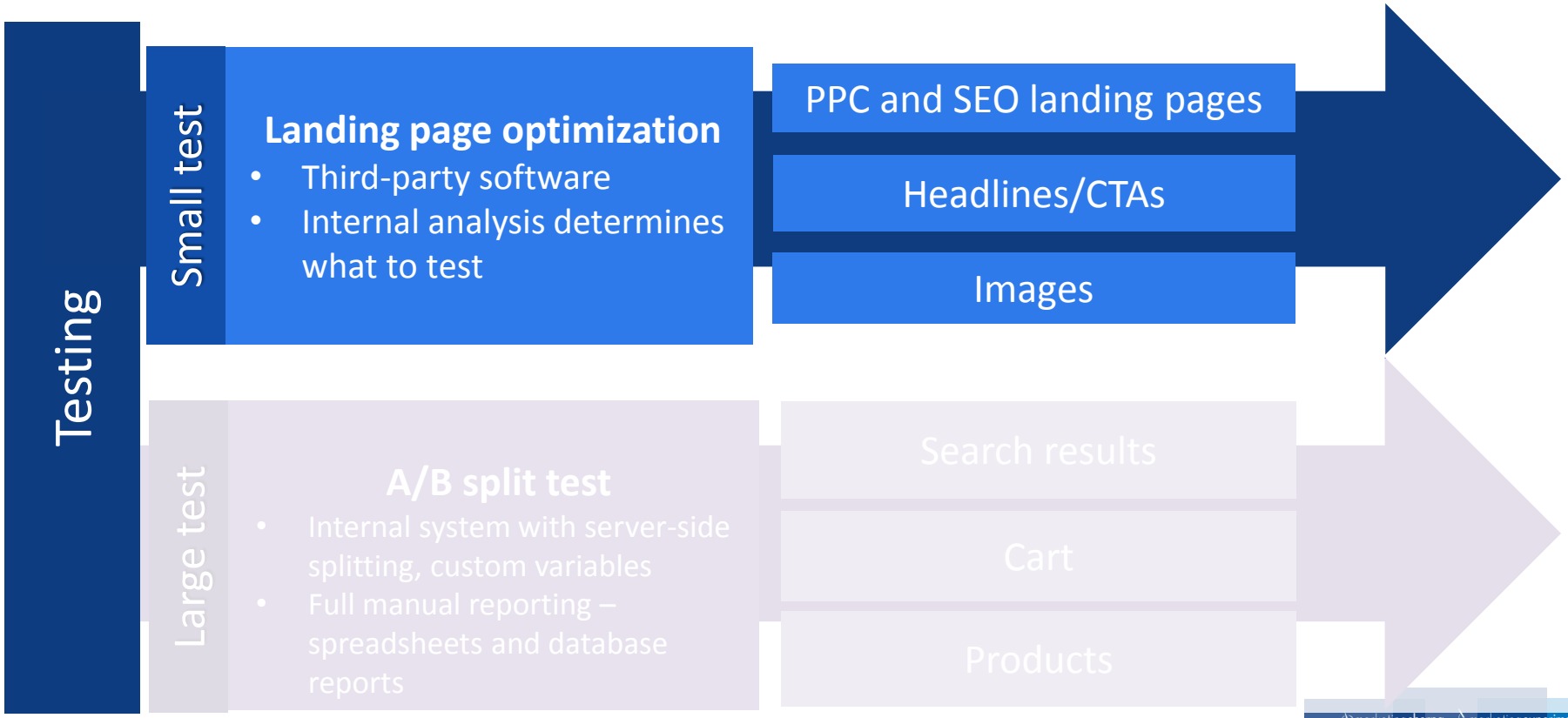
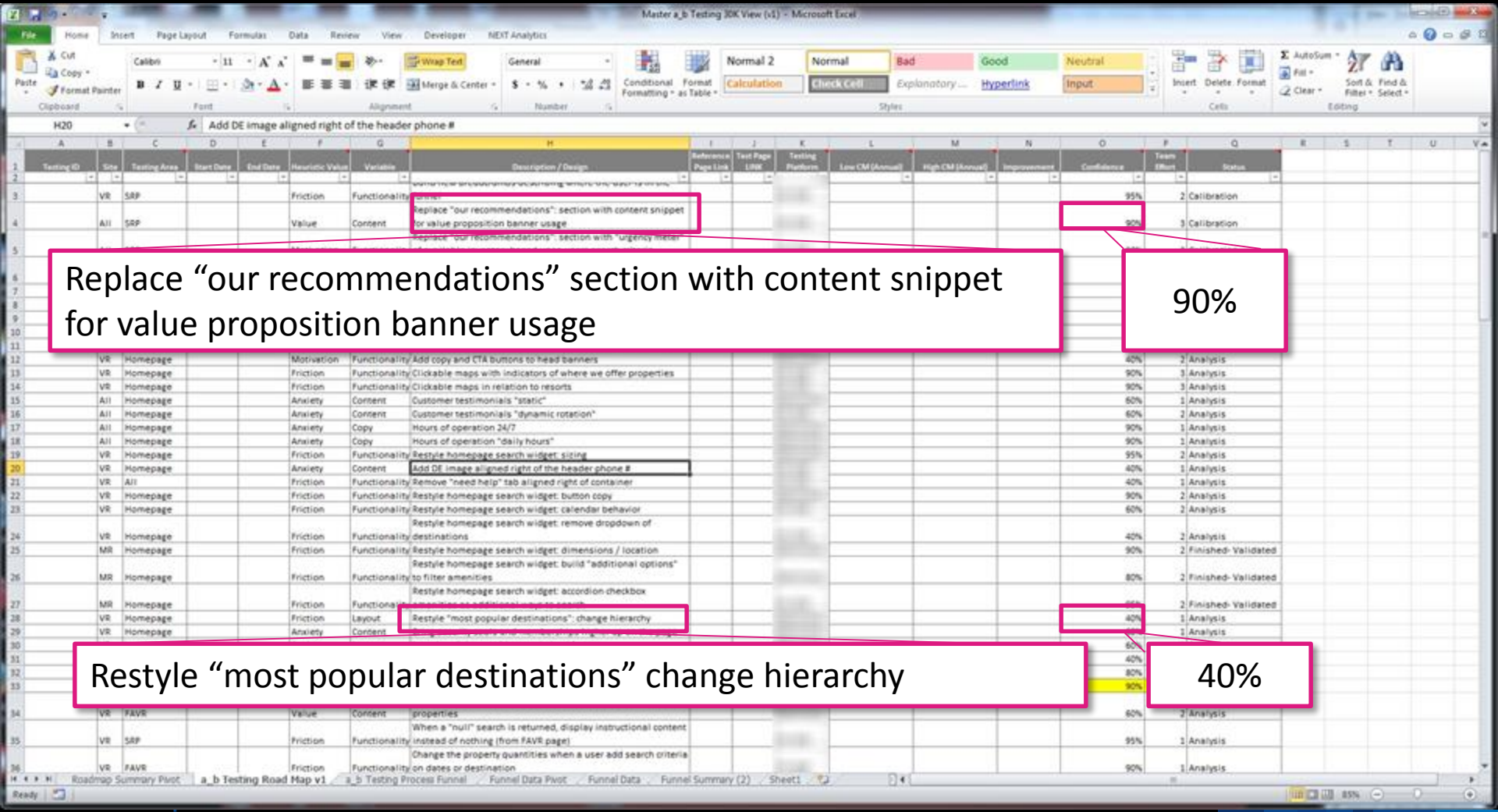
The dual testing track



The dual testing track

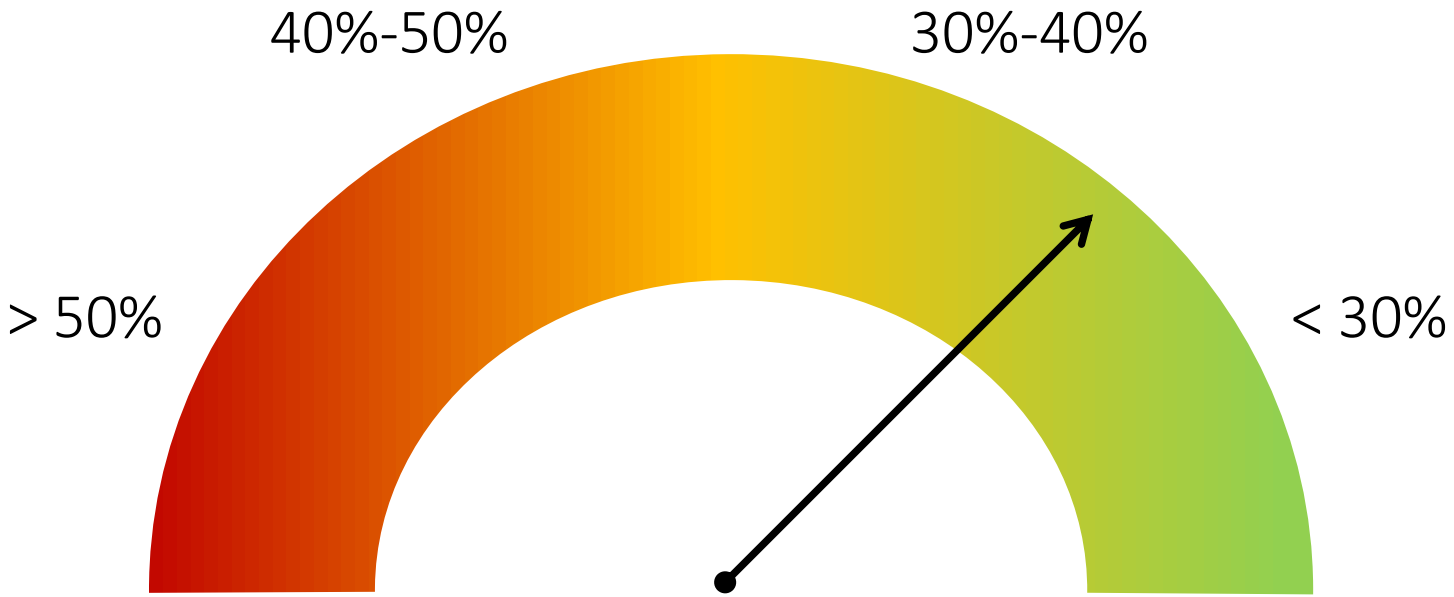


How to test small

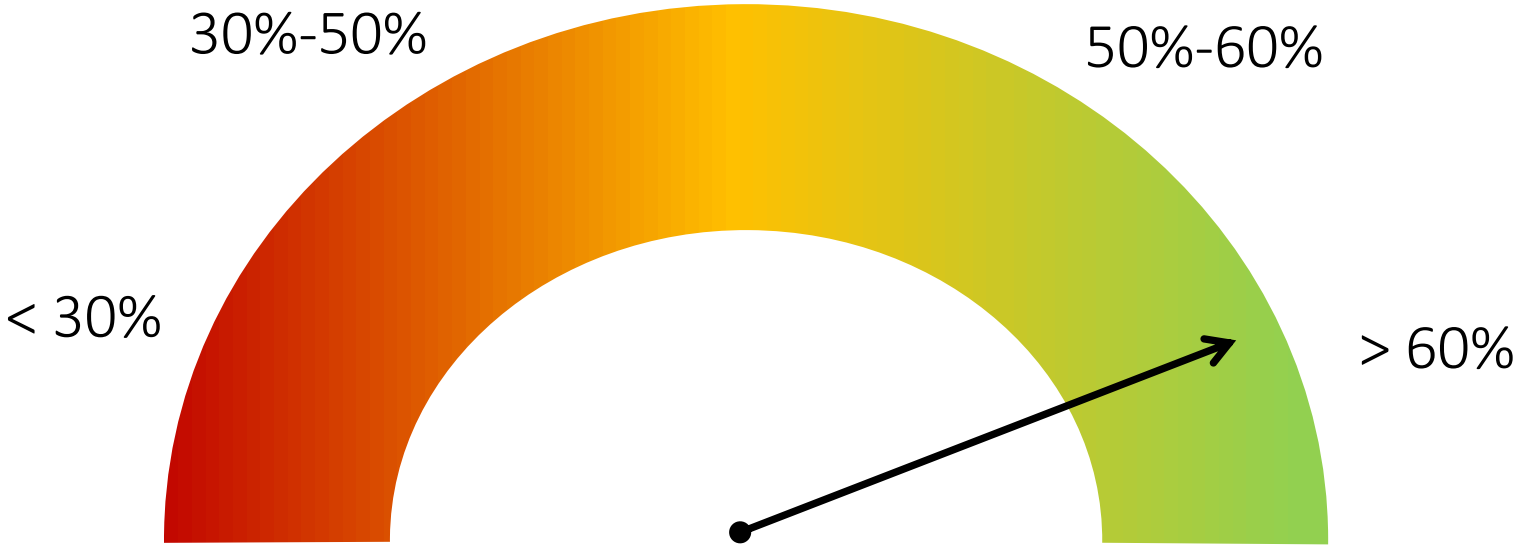

Replace “our recommendations” section with content snippet for value proposition banner usage
90%
Restyle “most popular destinations” change hierarchy
40%

How to test small

What's a good goal for bounce rates?

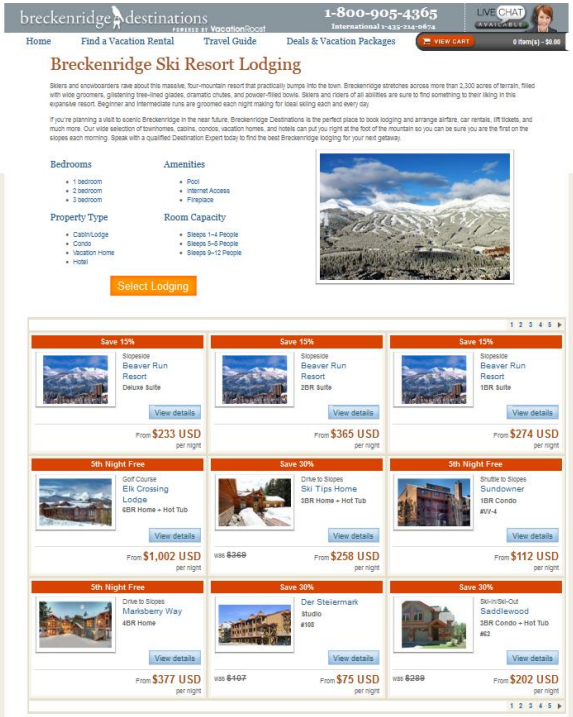


What's a good goal for CTR to the next page or step?



How to test small

Small Test: PPC landing pages



$$C = 4m + 3v + 2(i-f) - 2a$$ ©

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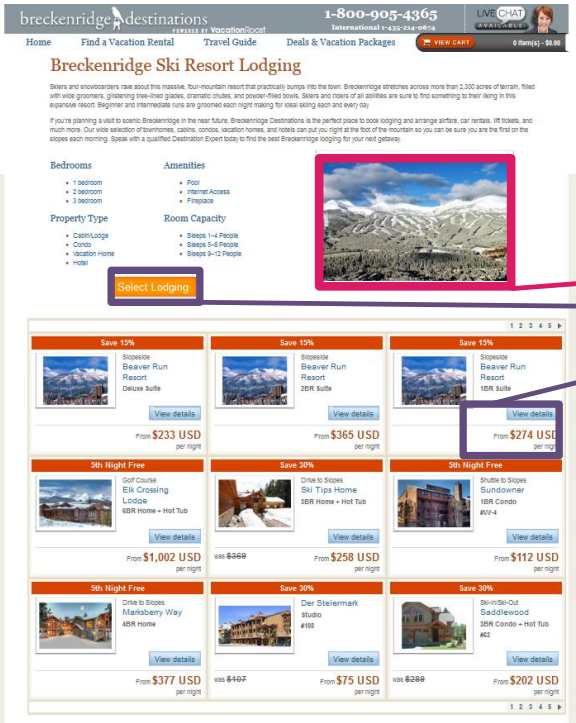
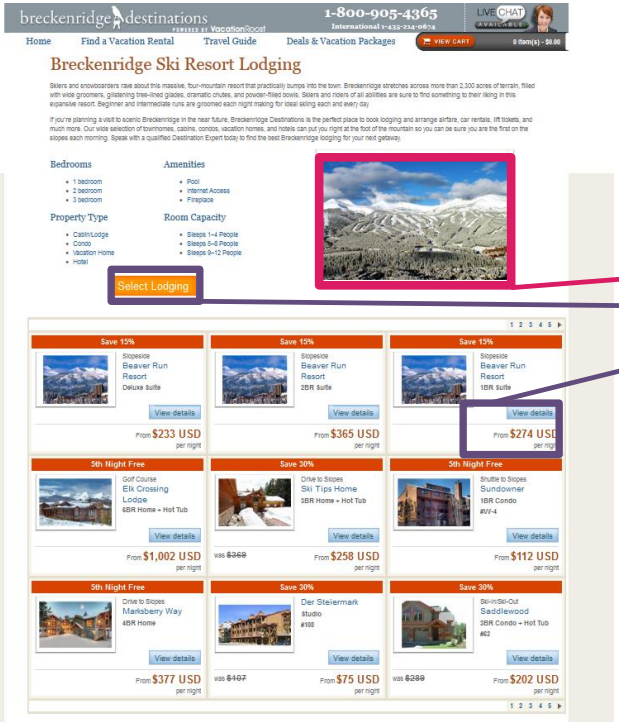
Small Test: PPC landing pages



$$C = 4m + 3v + 2(i-f) - 2a \text{ ©}$$

Small Test: PPC landing pages



$$C = 4m + 3v + 2(i-f) - 2a \text{ ©}$$

How can we reduce friction and anxiety on this page?

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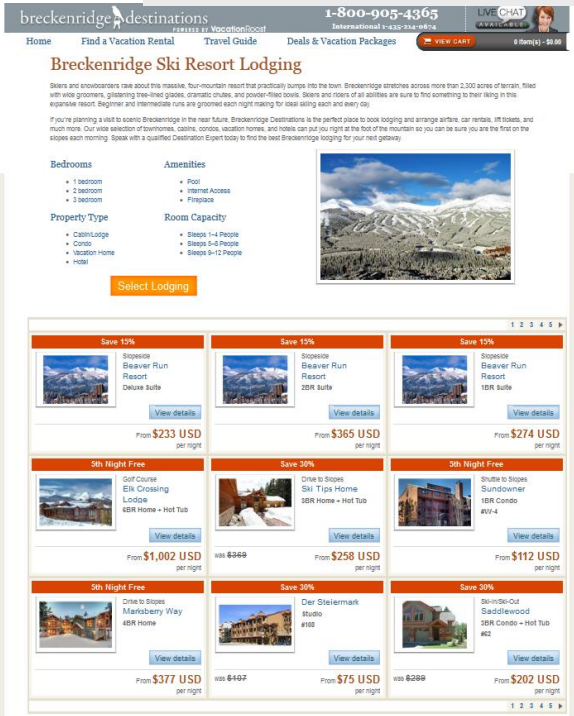
How to test small

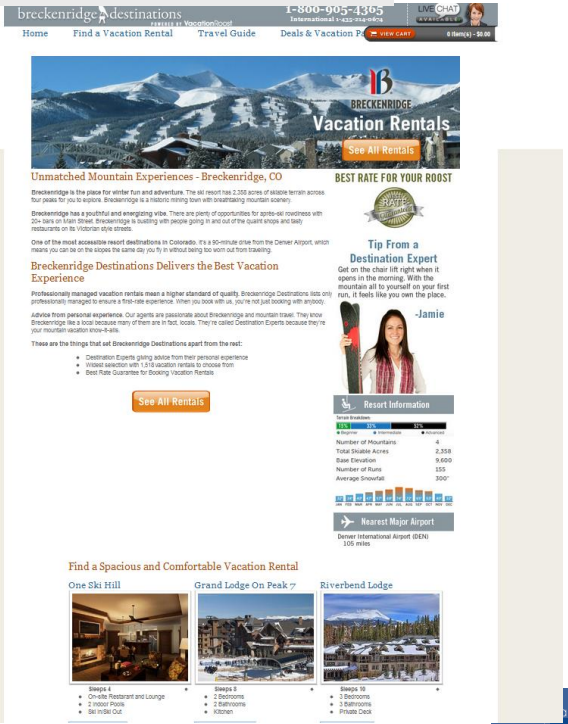
Decide	Identify	Hypothesize	Design	Analyze

Wireframe, design and launch treatment

Small Test: PPC landing pages

$$C = 4m + 3v + 2(i-f) - 2a \ ©$$





#WebOpt14

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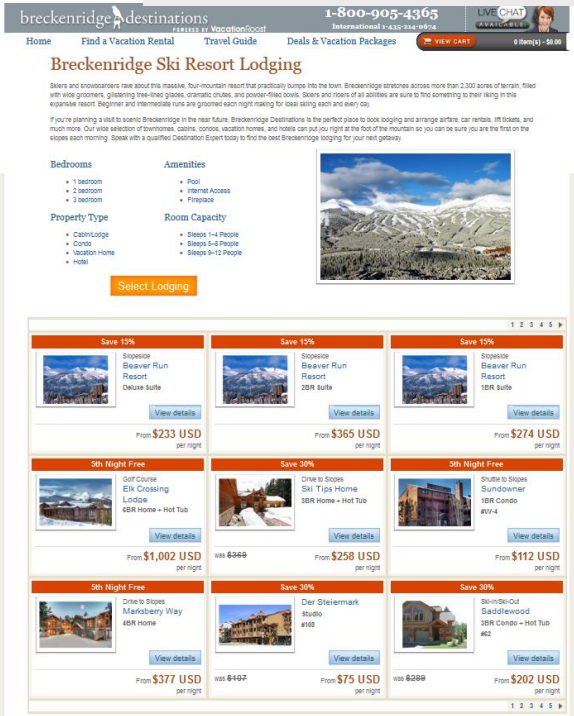
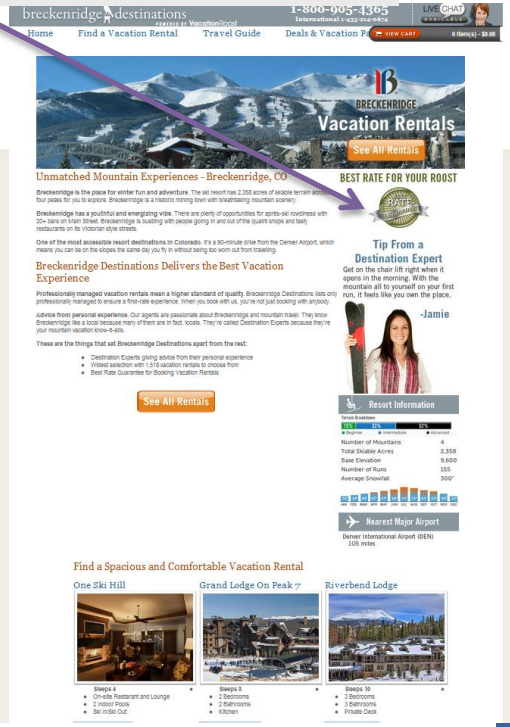
Small Test: PPC landing pages

$$C = 4m + 3v + 2(i-f) - 2a \ ©$$





#WebOpt14

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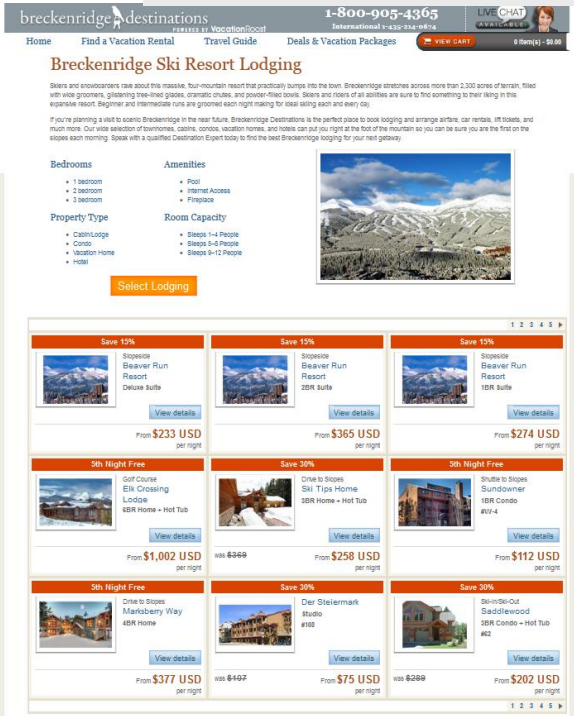
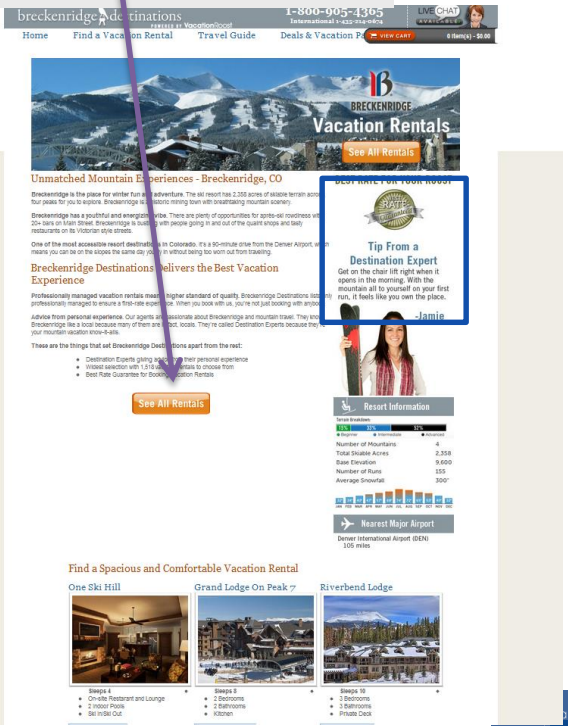
Small Test: PPC landing pages

$$C = 4m + 3v + 2(i-f) - 2a \ ©$$





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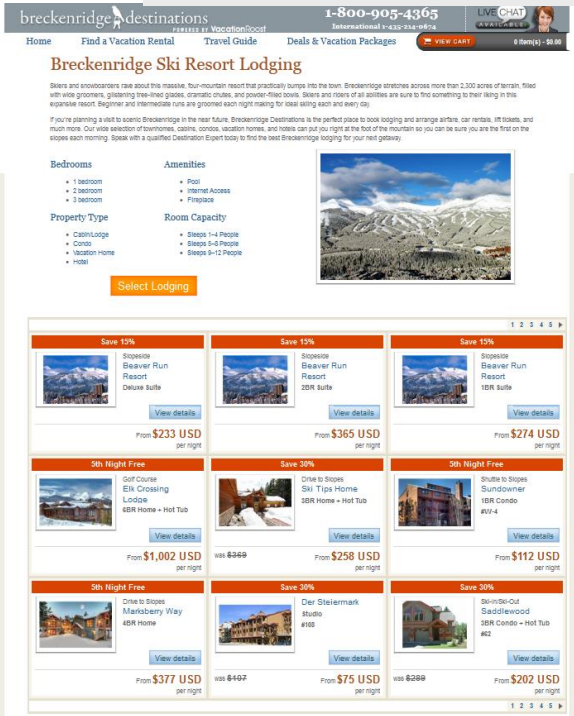
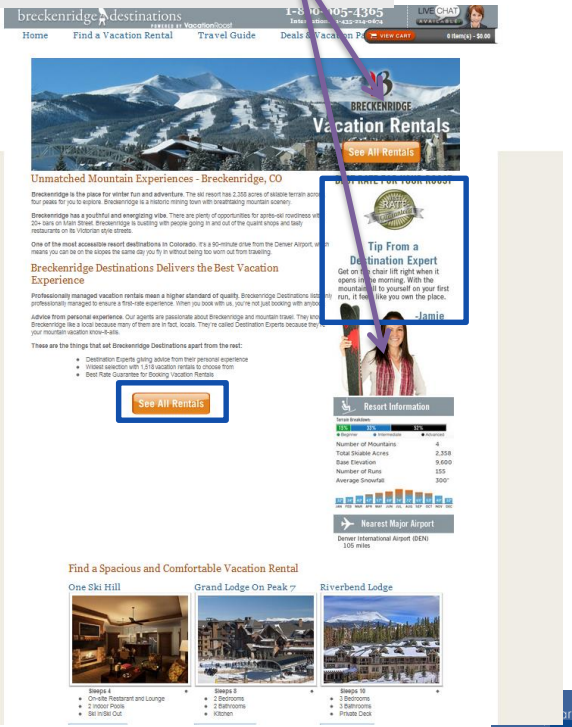
Small Test: PPC landing pages

$$C = 4m + 3v + 2(i-f) - 2a \text{ ©}$$





#WebOpt14

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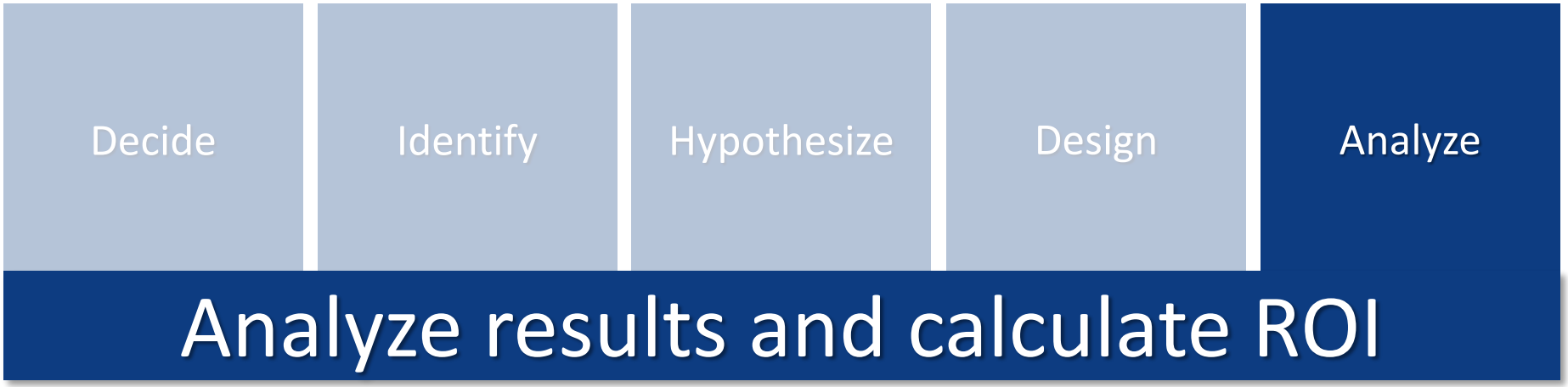
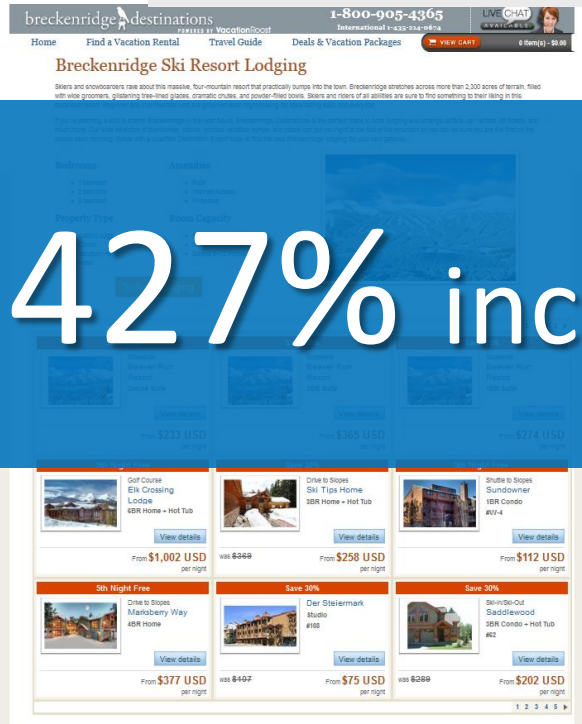
How to test small



Small Test: PPC landing pages

$$C = 4m + 3v + 2(i-f) - 2a \ ©$$



427% increase in CTR

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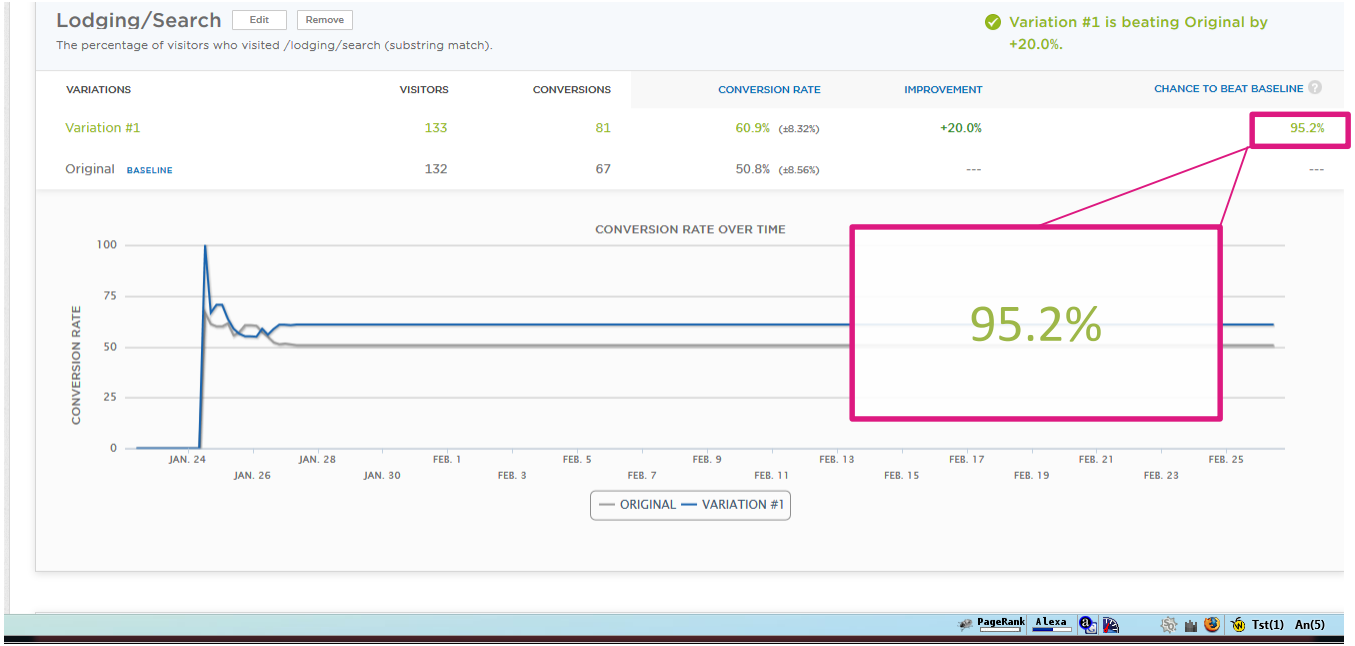
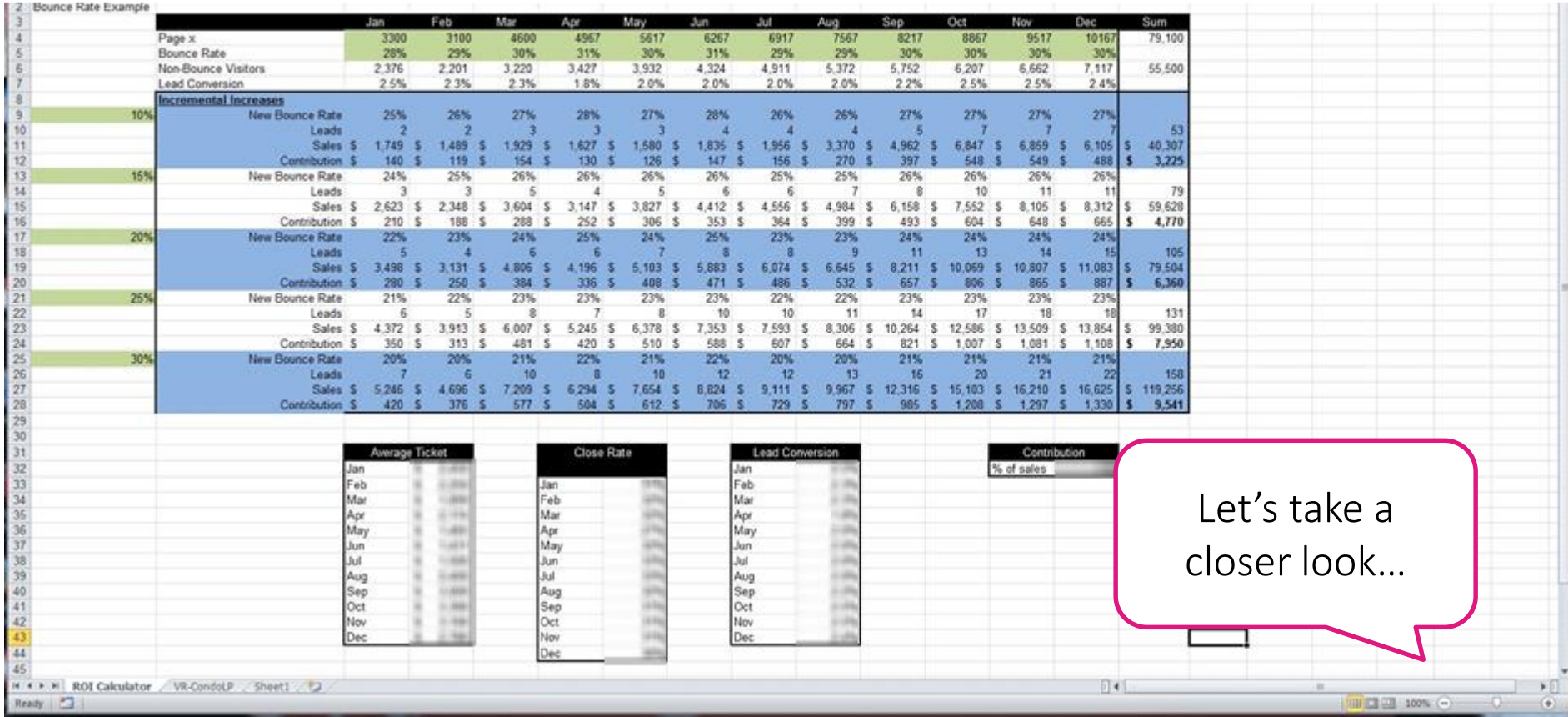
Small test validation tool



ROI template



Bounce Rate Example

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Sum
	Page x	3300	3100	4600	4967	5617	6267	6917	7567	8217	8867	9517	10167	79,100
	Bounce Rate	28%	29%	30%	31%	30%	31%	29%	29%	30%	30%	30%	30%	
	Non-Bounce Visitors	2,376	2,201	3,220	3,427	3,932	4,324	4,911	5,372	5,752	6,207	6,662	7,117	55,500
	Lead Conversion	2.5%	2.3%	2.3%	1.8%	2.0%	2.0%	2.0%	2.0%	2.2%	2.5%	2.5%	2.4%	
	Incremental Increases													
10%	New Bounce Rate	25%	26%	27%	28%	27%	28%	26%	26%	27%	27%	27%	27%	
	Leads	2	2	3	3	3	4	4	4	5	7	7	7	53
	Sales	$ 1,749	$ 1,489	$ 1,929	$ 1,627	$ 1,580	$ 1,835	$ 1,956	$ 3,370	$ 4,962	$ 6,847	$ 6,859	$ 6,105	$ 40,307
	Contribution	$ 140	$ 119	$ 154	$ 130	$ 126	$ 147	$ 156	$ 270	$ 397	$ 548	$ 549	$ 488	**$ 3,225**
15%	New Bounce Rate	24%	25%	26%	26%	26%	26%	25%	25%	26%	26%	26%	26%	
	Leads	3	3	5	4	5	6	6	7	8	10	11	11	79
	Sales	$ 2,623	$ 2,348	$ 3,604	$ 3,147	$ 3,827	$ 4,412	$ 4,556	$ 4,984	$ 6,158	$ 7,552	$ 8,105	$ 8,312	$ 59,628
	Contribution	$ 210	$ 188	$ 288	$ 252	$ 306	$ 353	$ 364	$ 399	$ 493	$ 604	$ 648	$ 665	**$ 4,770**
20%	New Bounce Rate	22%	23%	24%	25%	24%	25%	23%	23%	24%	24%	24%	24%	
	Leads	5	4	6	6	7	8	8	9	11	13	14	15	105
	Sales	$ 3,498	$ 3,131	$ 4,806	$ 4,196	$ 5,103	$ 5,883	$ 6,074	$ 6,645	$ 8,211	$ 10,069	$ 10,807	$ 11,083	$ 79,504
	Contribution	$ 280	$ 250	$ 384	$ 336	$ 408	$ 471	$ 486	$ 532	$ 657	$ 806	$ 865	$ 887	**$ 6,360**
25%	New Bounce Rate	21%	22%	23%	23%	23%	23%	22%	22%	23%	23%	23%	23%	
	Leads	6	5	8	7	8	10	10	11	14	17	18	18	131
	Sales	$ 4,372	$ 3,913	$ 6,007	$ 5,245	$ 6,378	$ 7,353	$ 7,593	$ 8,306	$ 10,264	$ 12,586	$ 13,509	$ 13,854	$ 99,380
	Contribution	$ 350	$ 313	$ 481	$ 420	$ 510	$ 588	$ 607	$ 664	$ 821	$ 1,007	$ 1,081	$ 1,108	**$ 7,950**
30%	New Bounce Rate	20%	20%	21%	22%	21%	22%	20%	20%	21%	21%	21%	21%	
	Leads	7	6	10	8	10	12	12	13	16	20	21	22	158
	Sales	$ 5,246	$ 4,696	$ 7,209	$ 6,294	$ 7,654	$ 8,824	$ 9,111	$ 9,967	$ 12,316	$ 15,103	$ 16,210	$ 16,625	$ 119,256
	Contribution	$ 420	$ 376	$ 577	$ 504	$ 612	$ 706	$ 729	$ 797	$ 985	$ 1,208	$ 1,297	$ 1,330	**$ 9,541**

Average Ticket
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec

Close Rate
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec

Lead Conversion
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec

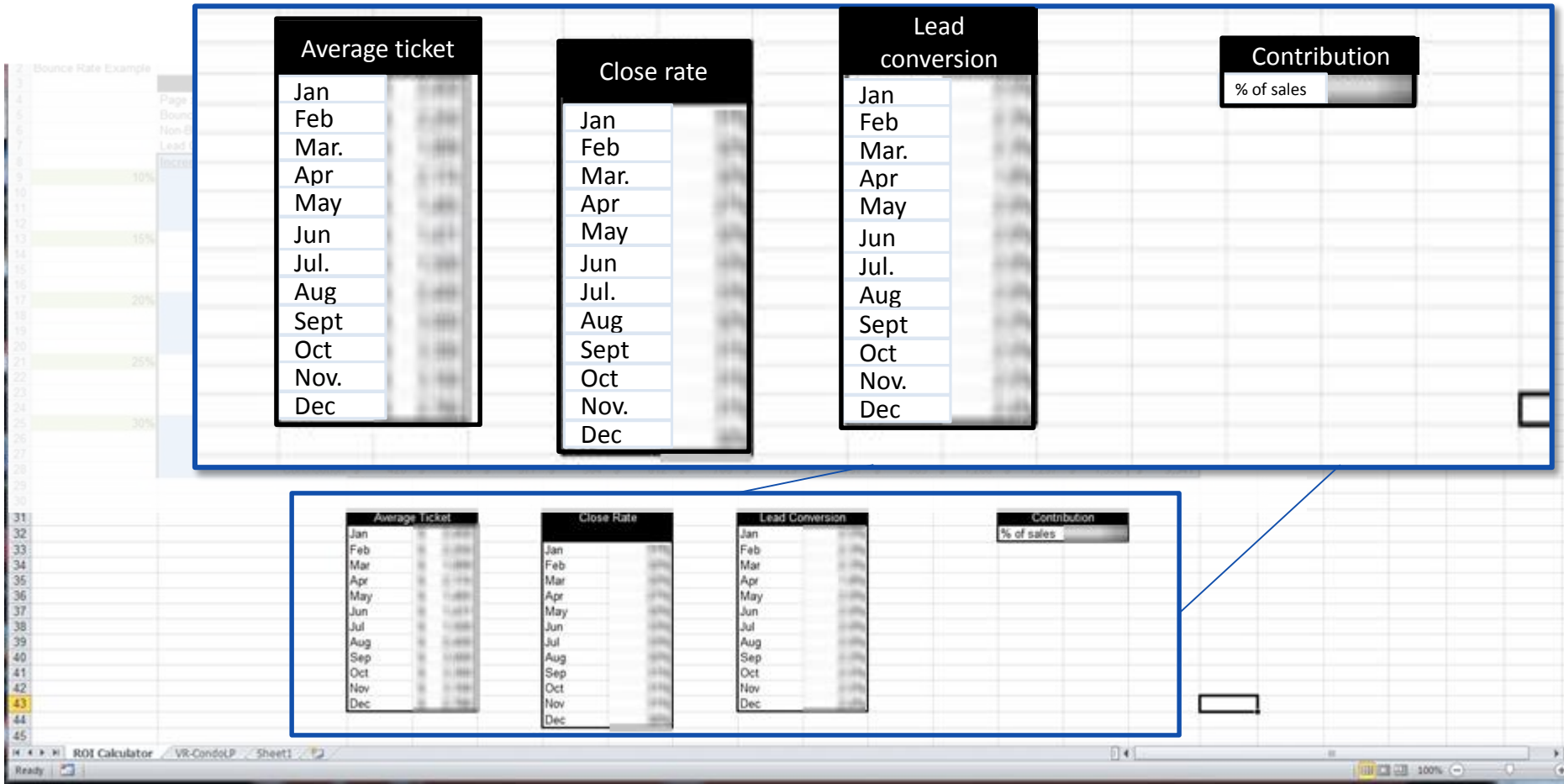
Contribution
% of sales

Let's take a closer look…

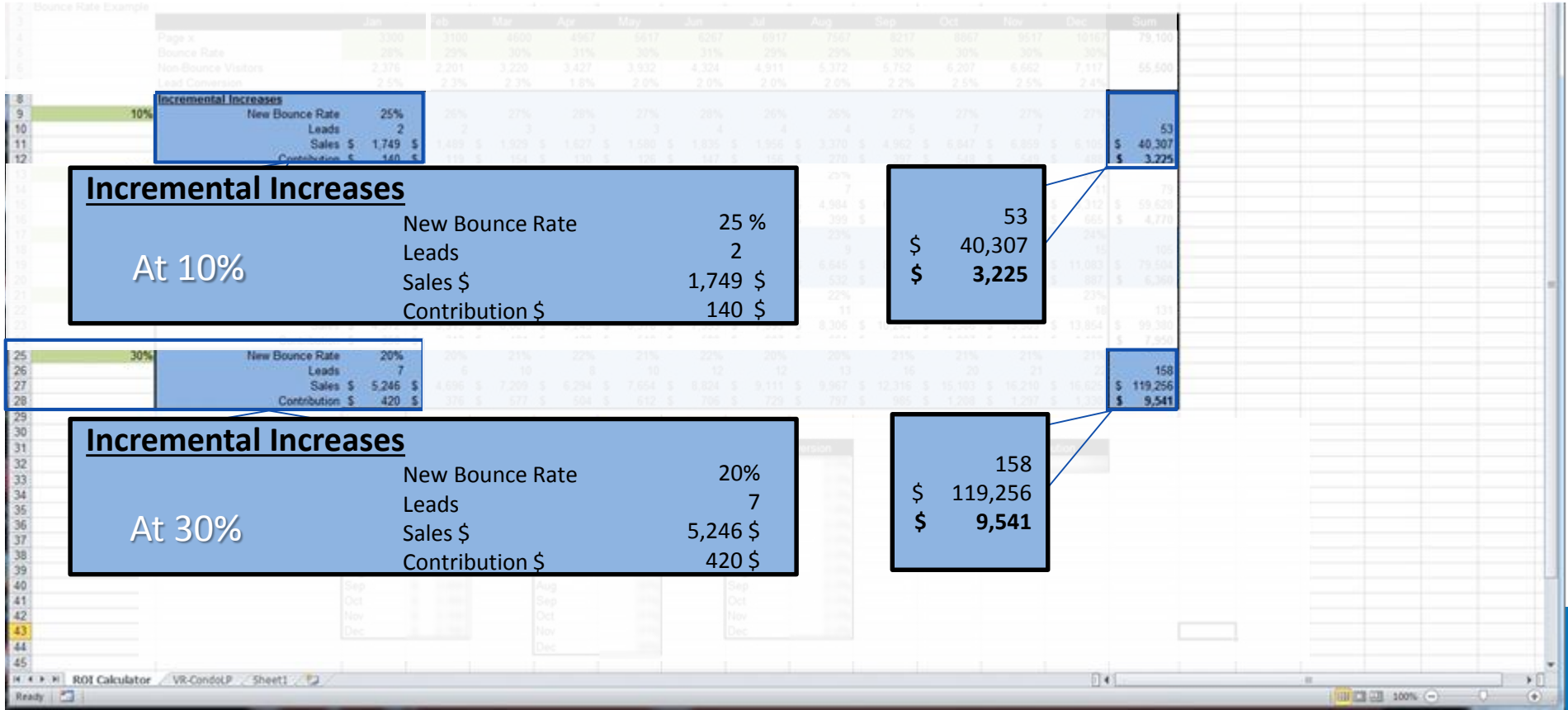
ROI Calculator | VR-CondoLP | Sheet1

Ready

ROI template



ROI template



How do you get the resources to run large tests?

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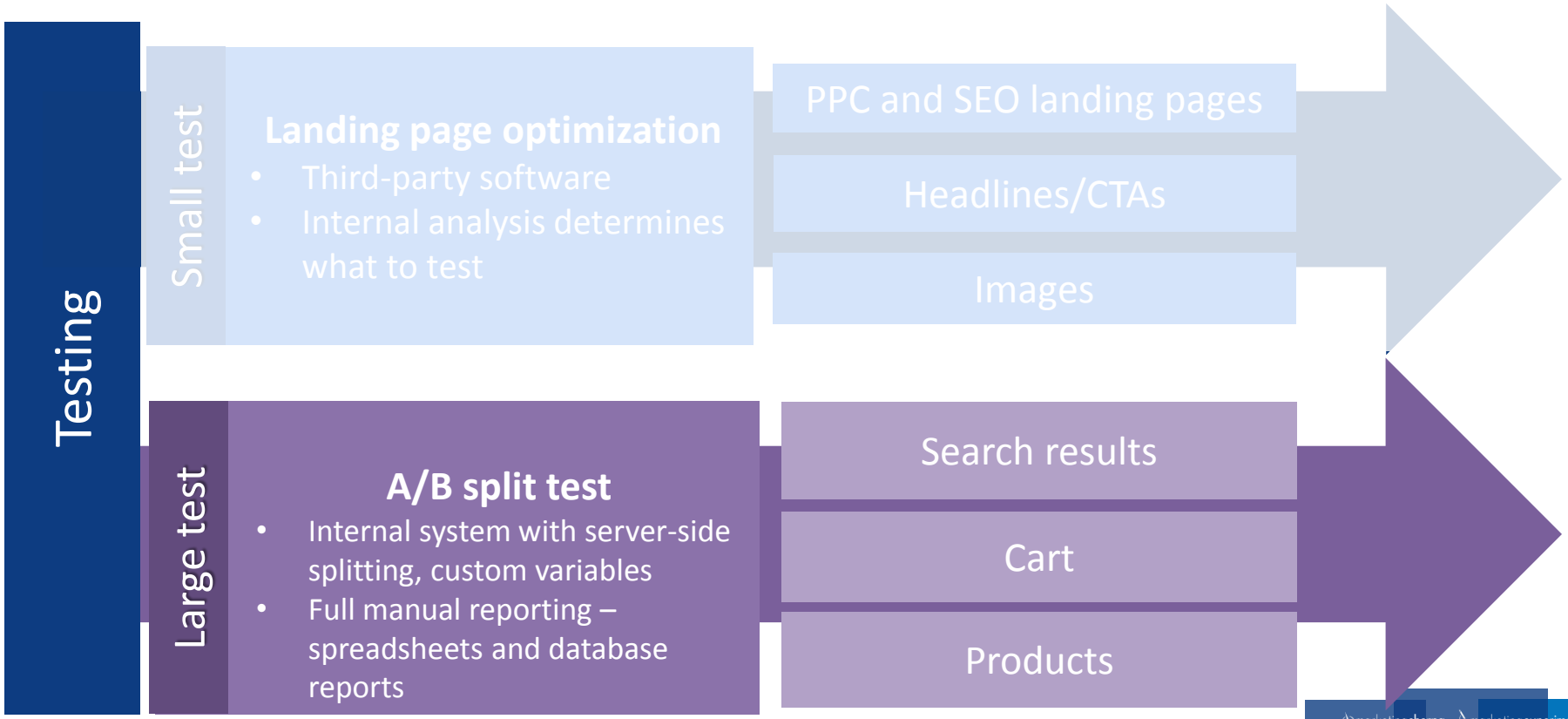
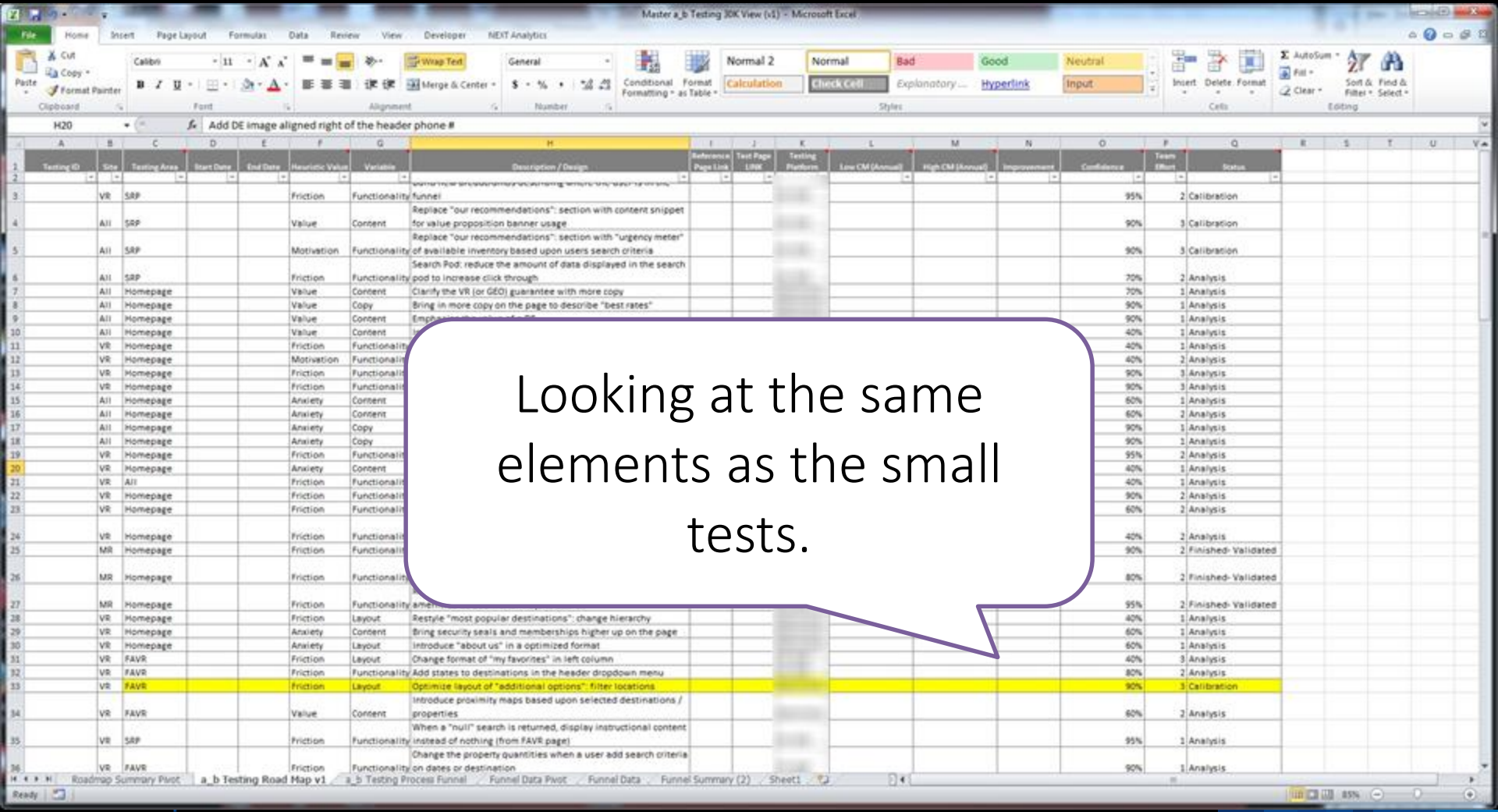
The dual testing track



How to test big

Decide	Collaborate	Identify	Create	Design	Analyze

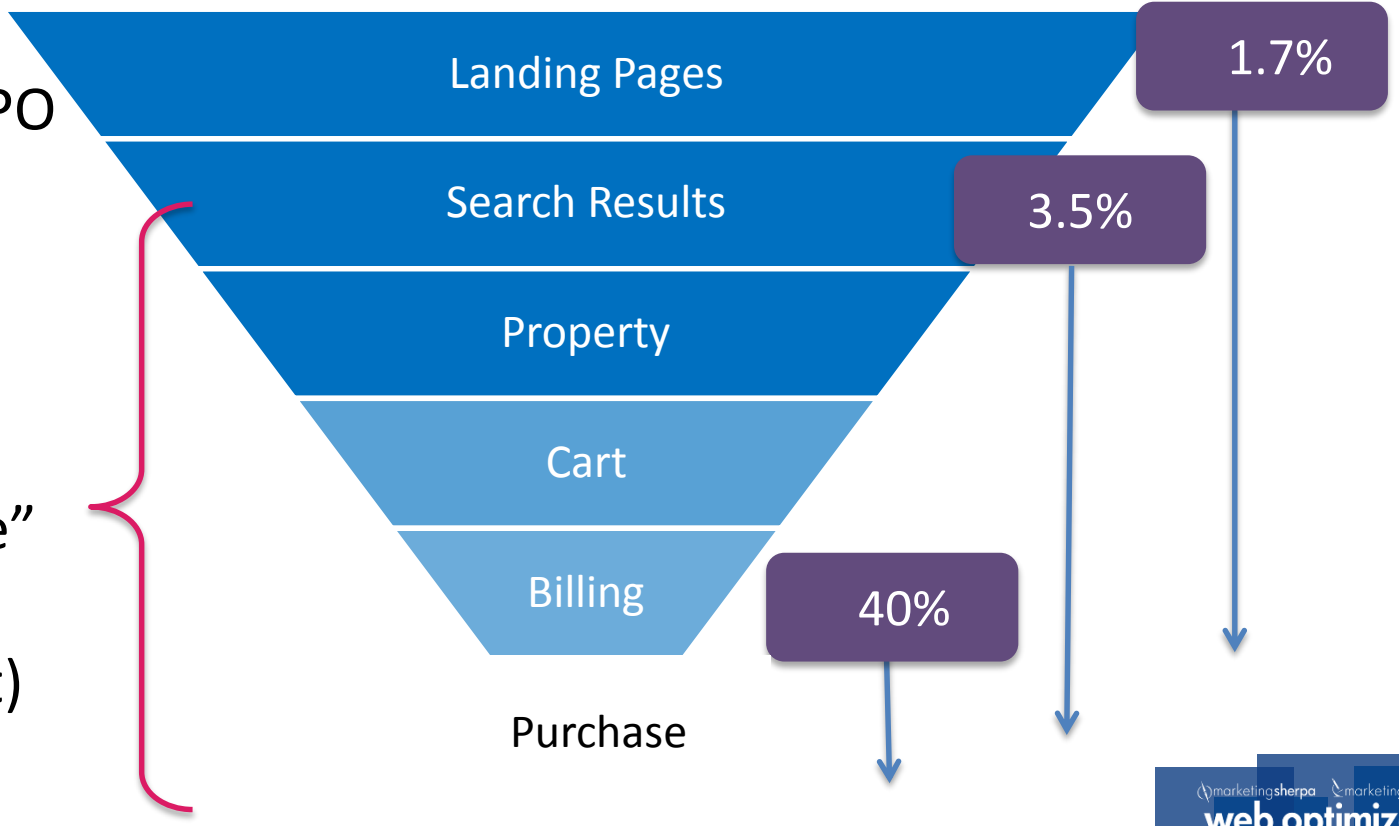
Decide on an element to optimize


Looking at the same elements as the small tests.

The basic funnel

Single page LPO
(small test)

"Rising tide"
A/B
(large test)



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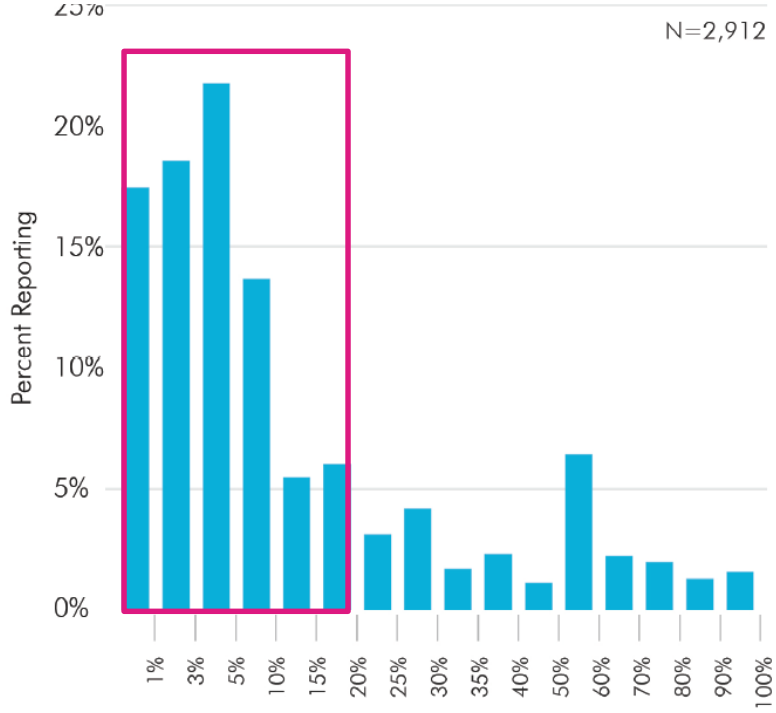
Determining a “good” conversion rate

1.4 Overall E-commerce Conversion Rates

Conversion rate was most frequently less than 15%, with many responses below 1%.



Source: MarketingSherpa.com/ecommerce

How to test big

Decide	Collaborate	Identify	Create	Design	Analyze

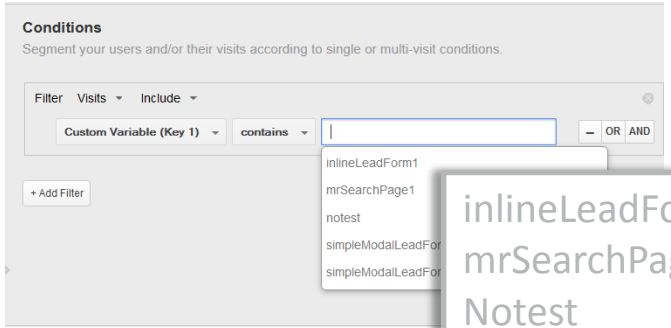
Work with IT to define variables or events

Large Testing: Variables are the key

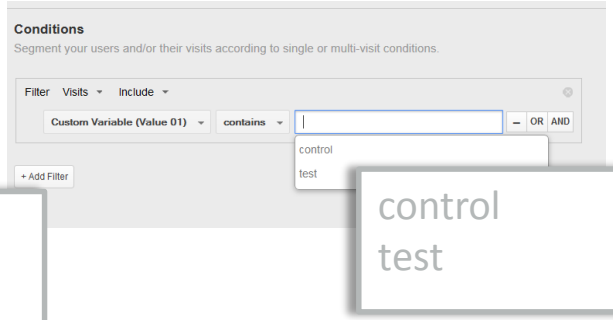
btpdb.b0gFHut.YWZmaWxpYXRl	NzgyLjEuNjU3MzA1NDAuMA	www.mountainreservations.
btpdb.b0gFHut.X2J0X2JzX2R1cmF0aW9u	eA	www.mountainreservations.
itinerary_id	757644	www.mountainreservations.
insuranceChoice	true	www.mountainreservations.
testCode	inlineLeadForm1:test	www.mountainreservations.
search	http://www.mountainrese...lley-resort/n4294962373	www.mountainreservations.
searchTitle	Lodging: Deer Valley Resort	www.mountainreservations.

Conditions

Segment your users and/or their visits to single or multi-visit conditions.



inlineLeadForm1
mrSearchPage1
Notest
simpleModalLeadForm
simpleModalLeadForm4



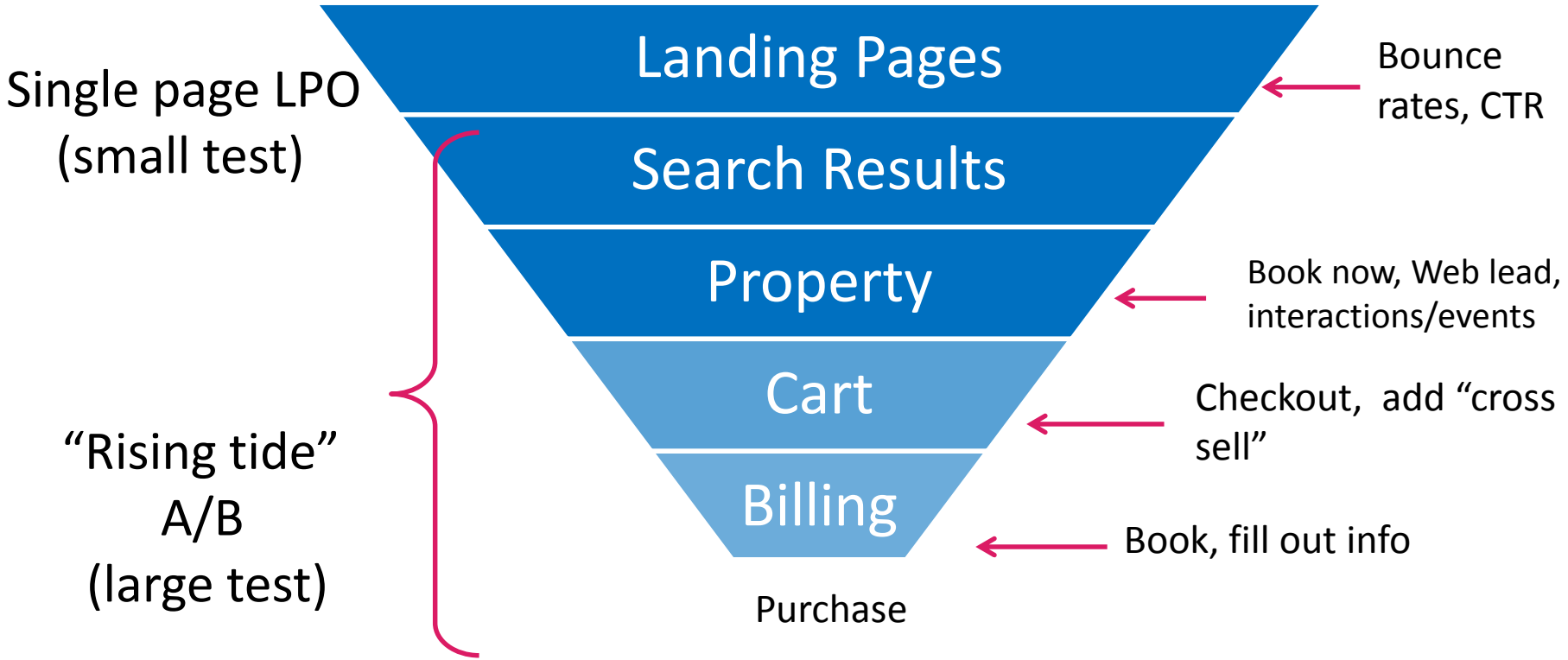
control
test

How to test big

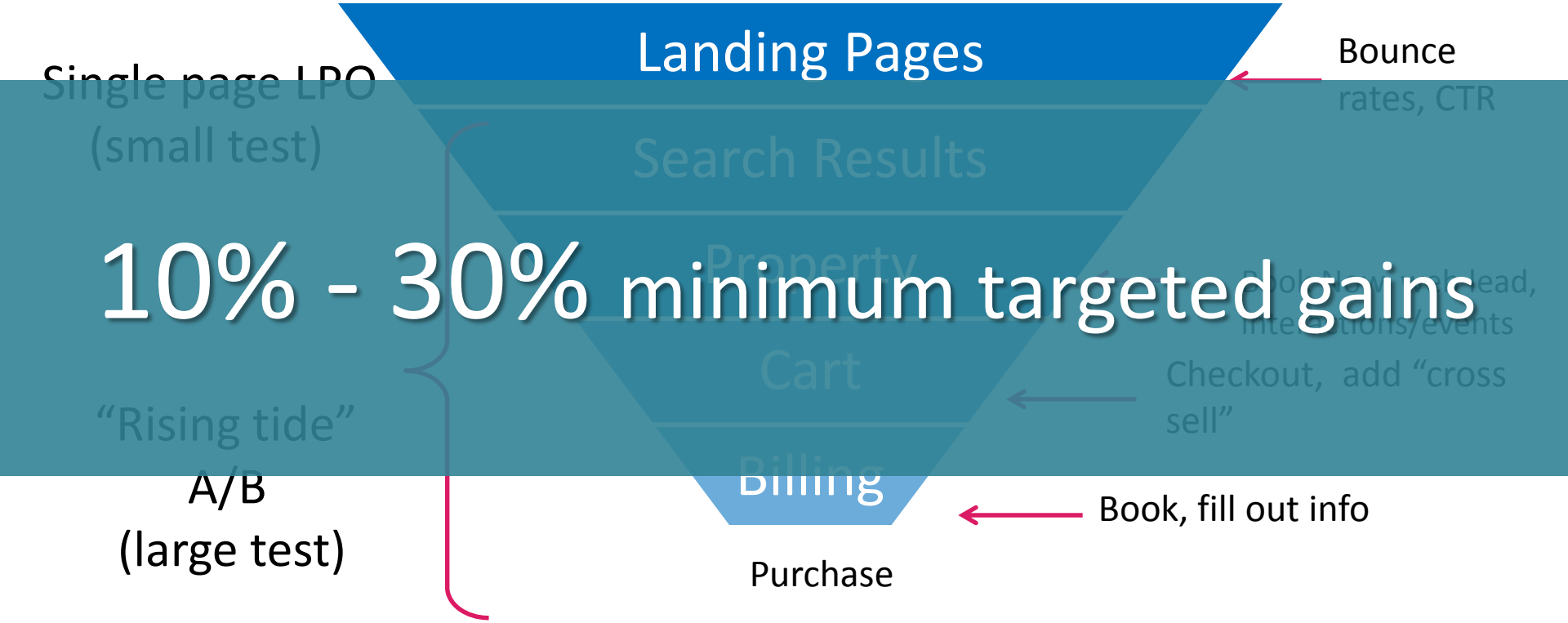
Decide	Collaborate	Identify	Create	Design	Analyze

Identify target conversion goal for control

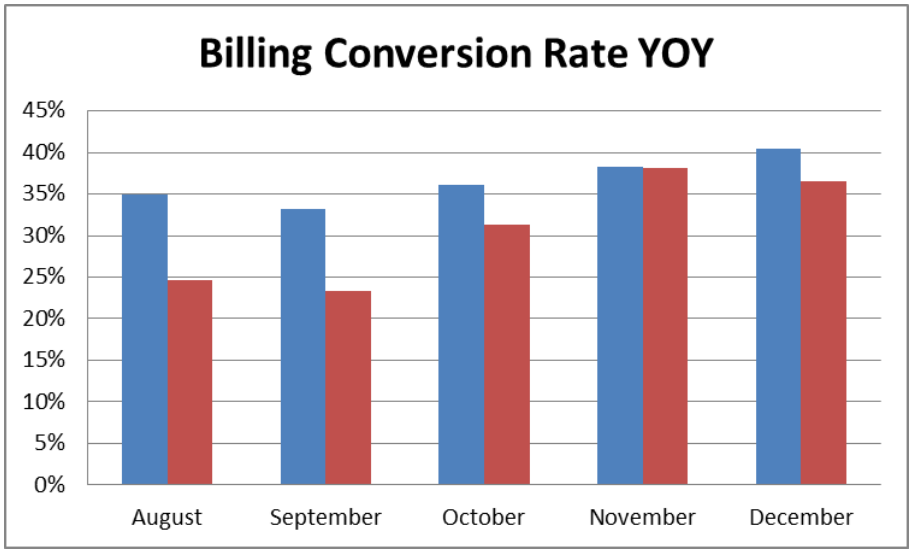
The basic funnel

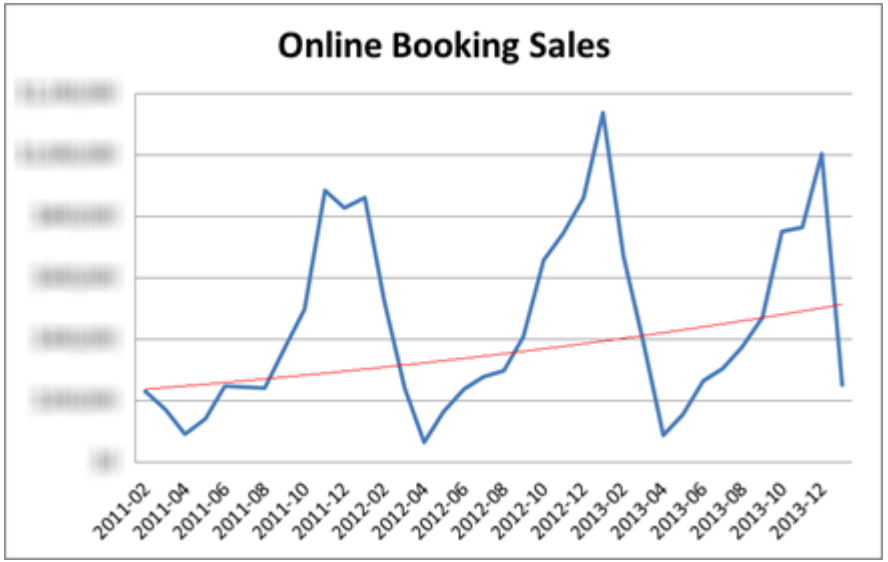


The basic funnel



Conversion goal results



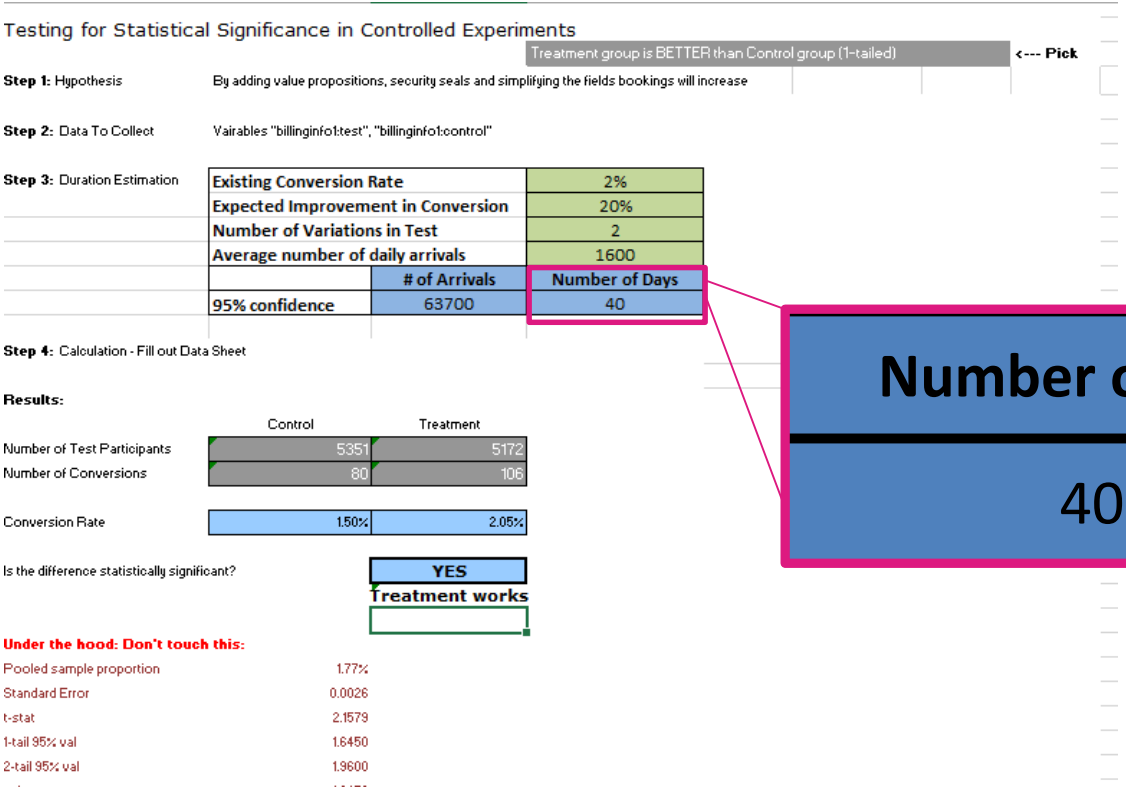


How to test big

Decide	Collaborate	Identify	Create	Design	Analyze

Create hypothesis and set up validation sheet

Manual testing database



Testing for Statistical Significance in Controlled Experiments

Treatment group is BETTER than Control group (1-tailed) <--- Pick

Step 1: Hypothesis — By adding value propositions, security seals and simplifying the fields bookings will increase

Step 2: Data To Collect — Vairables "billinginfo1:test", "billinginfo1:control"

Step 3: Duration Estimation

Existing Conversion Rate		2%
Expected Improvement in Conversion		20%
Number of Variations in Test		2
Average number of daily arrivals		1600
	# of Arrivals	Number of Days
95% confidence	63700	40

Step 4: Calculation - Fill out Data Sheet

Results:

	Control	Treatment
Number of Test Participants	5351	5172
Number of Conversions	80	106
Conversion Rate	1.50%	2.05%

Is the difference statistically significant? YES

Treatment works

Under the hood: Don't touch this:

Pooled sample proportion	1.77%
Standard Error	0.0026
t-stat	2.1579
1-tail 95% val	1.6450
2-tail 95% val	1.9600

Number of Days

40

#WebOpt14

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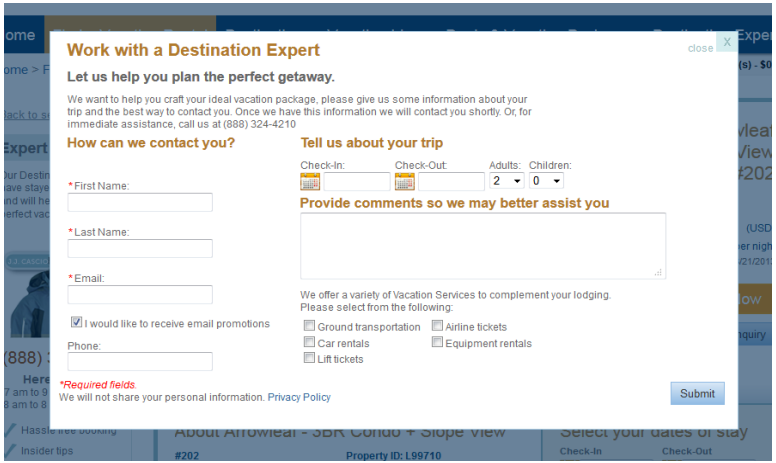
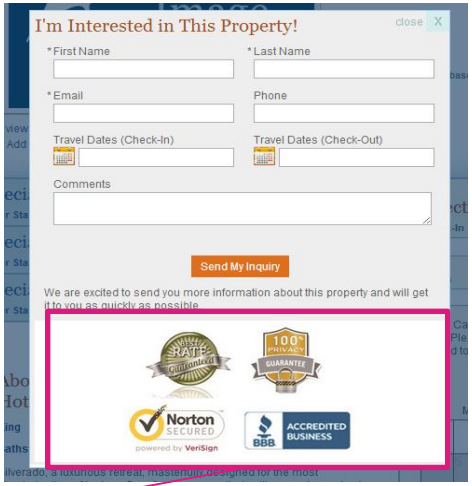
Large Test: Lead forms 1

Control



Treatment



Security seals

Large Test: Lead forms 1

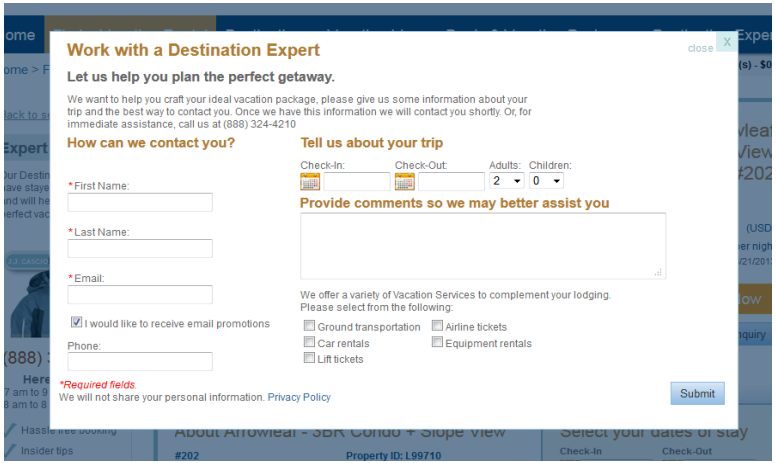
Control

Treatment

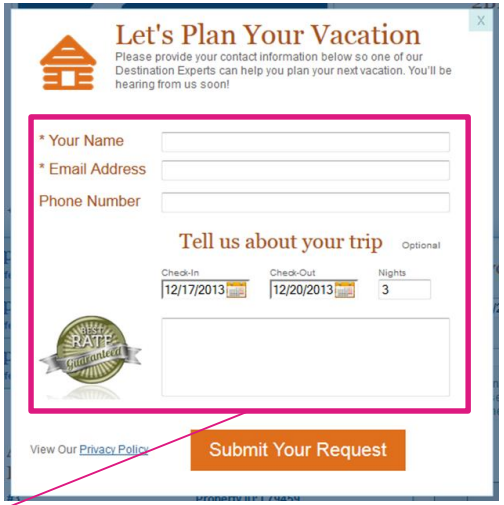
Fail – no lift.

Large Test: Lead forms 2

Control



Treatment



Shorter form

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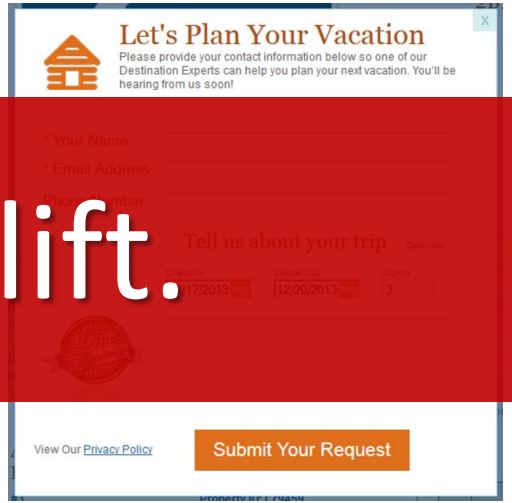
Large Test: Lead forms 2

Control

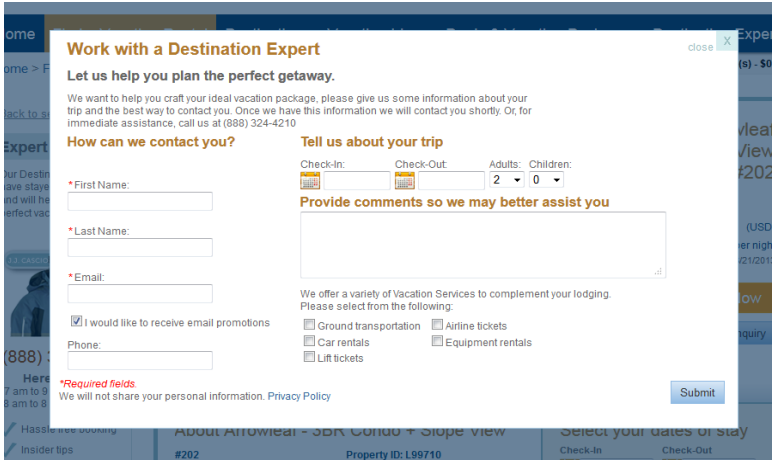
Treatment



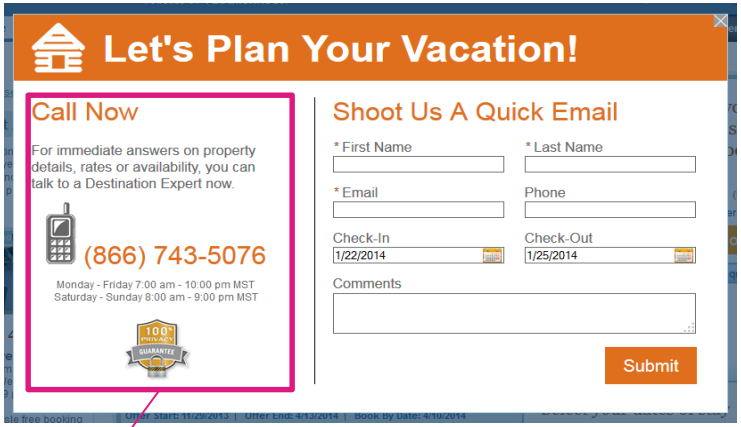
Fail – no lift.

Large Test: Lead forms 3

Control



Treatment



Option to call

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Large Test: Lead forms 3

Control

Treatment

Fail – no lift.

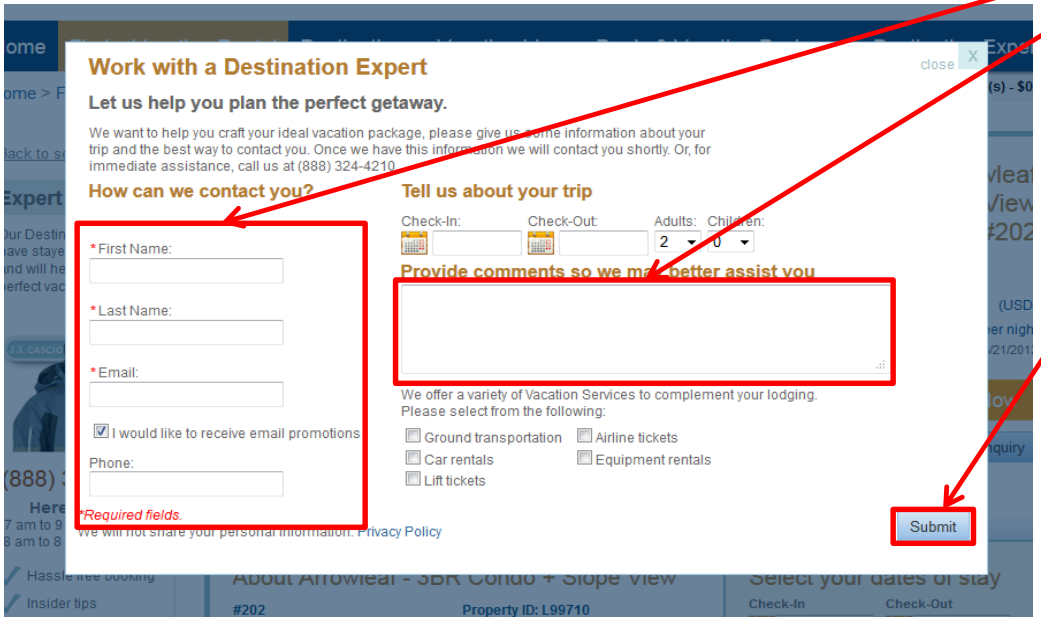
How to test big

Decide	Collaborate	Identify	Create	Design	Analyze

Wireframe, design and launch treatment

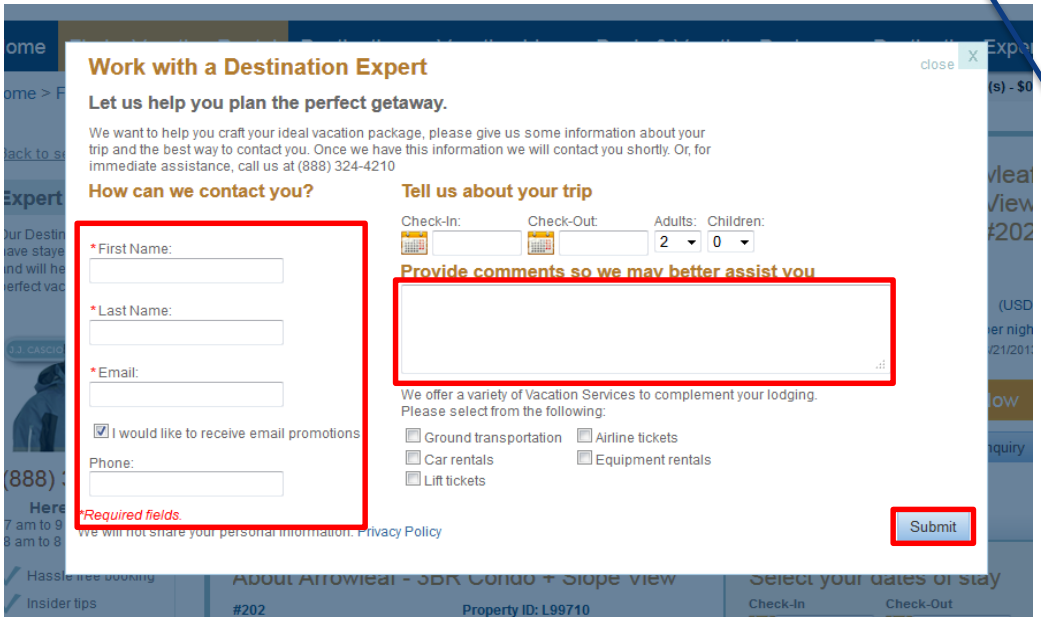
Large Test: Lead forms

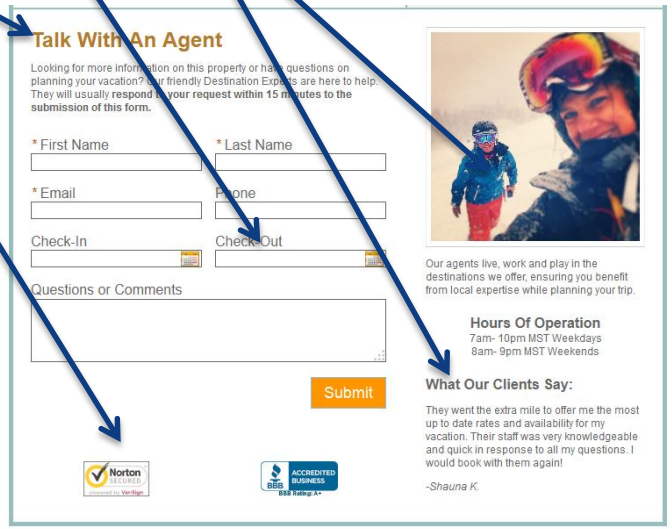
$$C = 4m + 3v + 2(i-f) - 2a \ ©$$



Large Test: Lead forms

$$C = 4m + 3v + 2(i-f) - 2a \ ©$$





#WebOpt14

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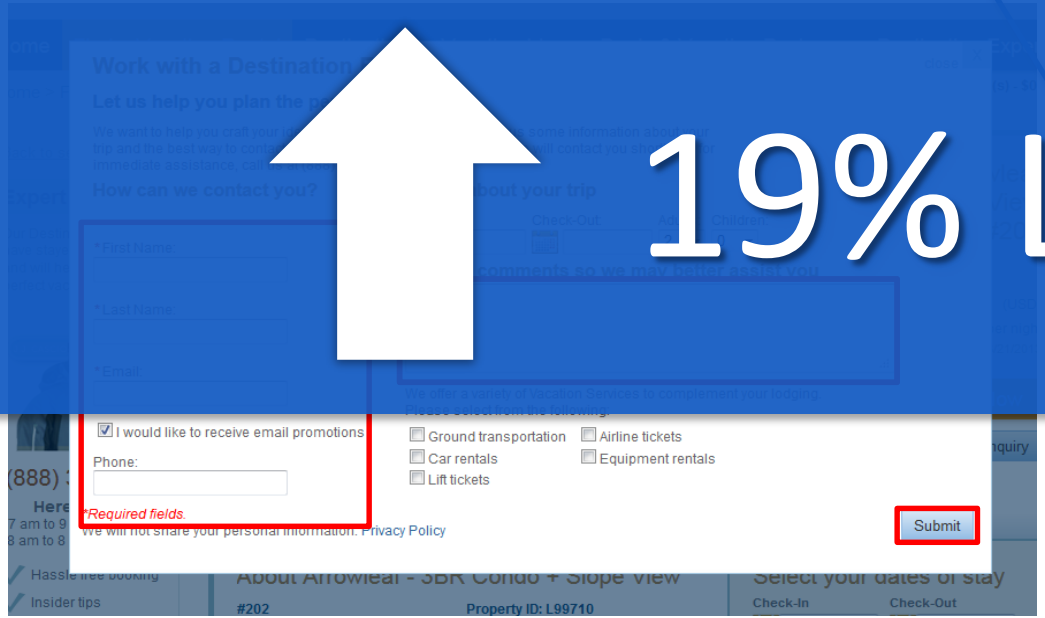
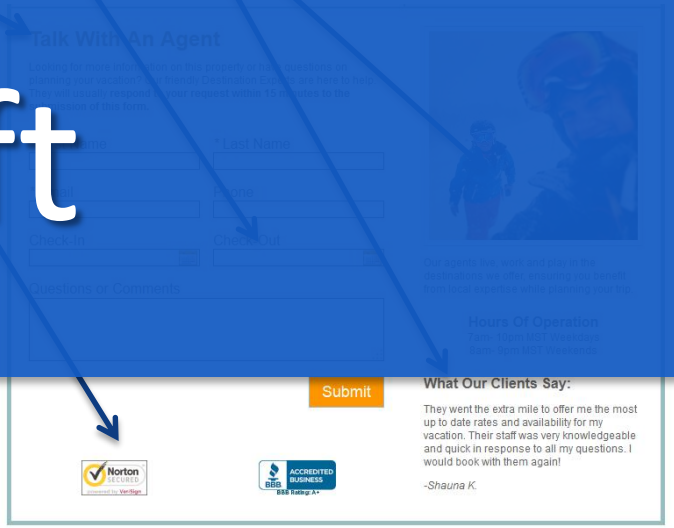
Large Test: Lead forms

$$C = 4m + 3v + 2(i-f) - 2a \ ©$$



19% Lift



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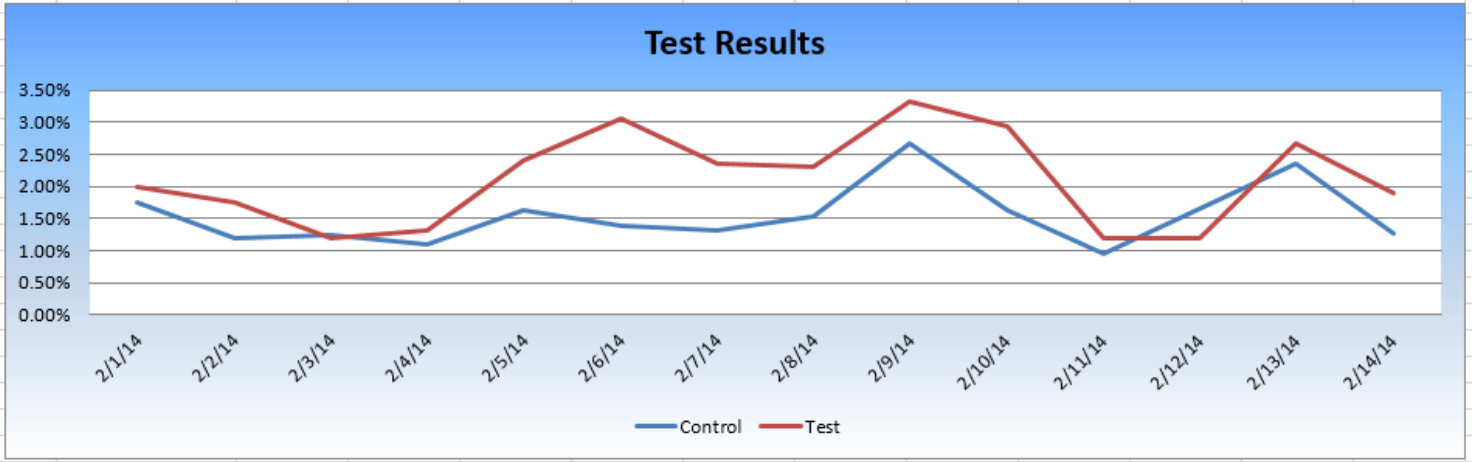
How to test big

Decide	Collaborate	Identify	Create	Design	Analyze

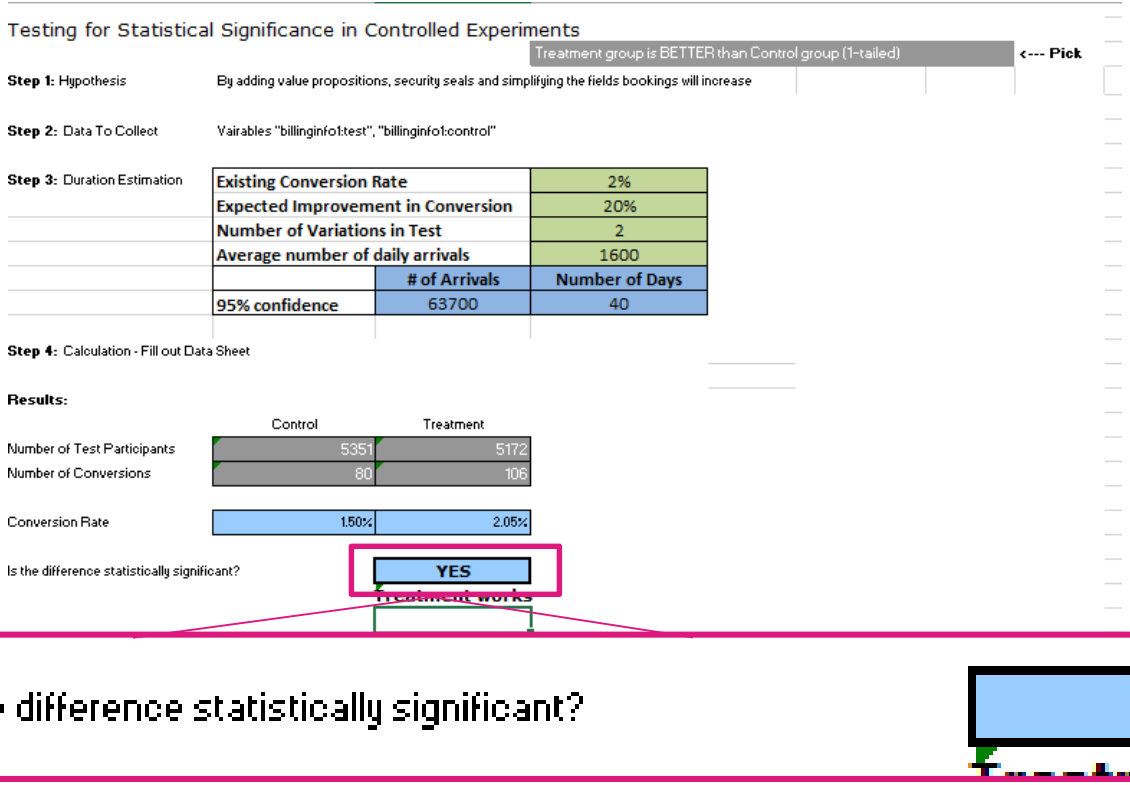
Analyze results and calculate ROI



Control	Totals	2/1/14	2/2/14	2/3/14	2/4/14	2/5/14	2/6/14	2/7/14	2/8/14	2/9/14	2/10/14	2/11/14	2/12/14
Visits to Billing page	5351	400	420	401	362	370	360	383	391	301	308	420	421
Bookings	80	7	5	5	4	6	5	5	6	8	5	4	7
Conversion Rate	1.50%	1.75%	1.19%	1.25%	1.10%	1.62%	1.39%	1.31%	1.53%	2.66%	1.62%	0.95%	1.66%

Test	Totals												
Visits to Billing page	5172	400	401	420	380	373	360	383	391	301	308	420	421
Bookings	106	8	7	5	5	9	11	9	9	10	9	5	5
Conversion Rate	2.05%	2.00%	1.75%	1.19%	1.32%	2.41%	3.06%	2.35%	2.30%	3.32%	2.92%	1.19%	1.19%
Difference in test vs. Control	37.09%	14.29%	46.63%	-4.52%	19.08%	48.79%	120.00%	80.00%	50.00%	25.00%	80.00%	25.00%	-28.57%

Manual testing database



Testing for Statistical Significance in Controlled Experiments

Treatment group is BETTER than Control group (1-tailed) <--- Pick

Step 1: Hypothesis — By adding value propositions, security seals and simplifying the fields bookings will increase

Step 2: Data To Collect — Vairables "billinginfo1:test", "billinginfo1:control"

Step 3: Duration Estimation

Existing Conversion Rate		2%
Expected Improvement in Conversion		20%
Number of Variations in Test		2
Average number of daily arrivals		1600
	# of Arrivals	Number of Days
95% confidence	63700	40

Step 4: Calculation - Fill out Data Sheet

Results:

	Control	Treatment
Number of Test Participants	5351	5172
Number of Conversions	80	106
Conversion Rate	1.50%	2.05%

Is the difference statistically significant? YES

Treatment works

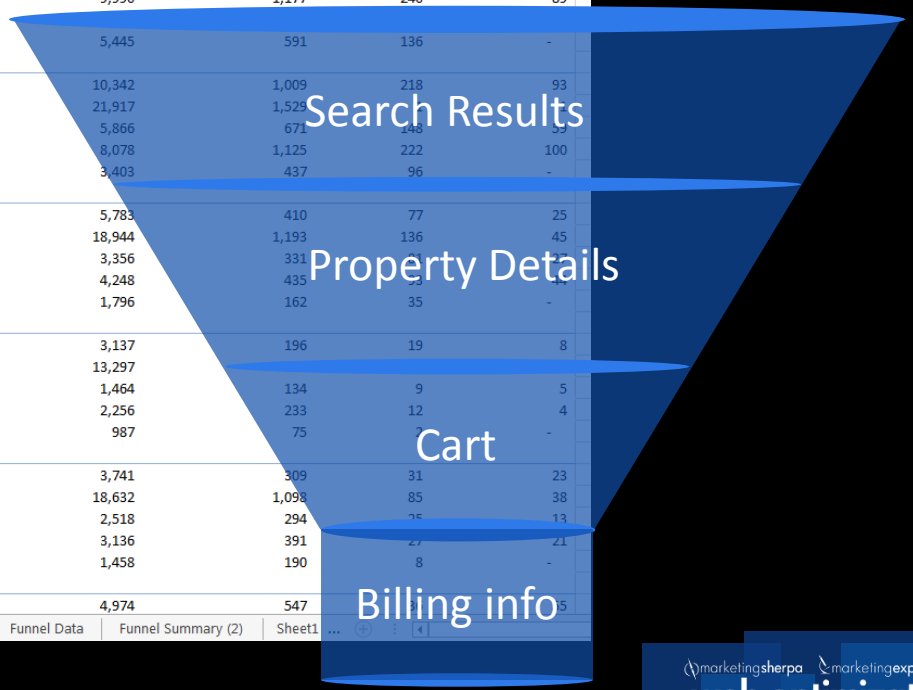
Is the difference statistically significant?

YES

Testing roadmap – it's really:

Funnel Analysis							
Month	Site	Top	Search Results	Property Details	Shopping Cart	Billing Info	Online Booking
1/1/2012							
	Mountain Reservations	39,950	14,170	15,512	1,470	278	111
	VacationRoost	56,238	21,917	34,248	2,659	1	-
	Park City Reservations	32,556	10,770	9,990	1,177	240	89
	Breckenridge Destinations	34,390	14,196				
	Vail Destinations	13,269	6,616	5,445	591	136	-
2/1/2012							
	Mountain Reservations	24,128	9,675	10,342	1,009	218	93
	VacationRoost	44,900	12,981	21,917	1,525		
	Park City Reservations	21,617	6,726	5,866	671		
	Breckenridge Destinations	21,267	7,896	8,078	1,125	222	100
	Vail Destinations	9,499	4,679	3,403	437	96	-
3/1/2012							
	Mountain Reservations	13,386	5,189	5,783	410	77	25
	VacationRoost	36,377	11,258	18,944	1,193	136	45
	Park City Reservations	13,447	3,918	3,356	331		
	Breckenridge Destinations	11,845	3,874	4,248	435		
	Vail Destinations	5,276	2,456	1,796	162	35	-
4/1/2012							
	Mountain Reservations	5,991	2,166	3,137	196	19	8
	VacationRoost	21,810	6,658	13,297			
	Park City Reservations	5,001	1,878	1,464	134	9	5
	Breckenridge Destinations	5,224	2,027	2,256	233	12	4
	Vail Destinations	2,730	1,205	987	75		-
5/1/2012							
	Mountain Reservations	7,356	3,254	3,741	309	31	23
	VacationRoost	32,195	12,538	18,632	1,098	85	38
	Park City Reservations	7,380	3,312	2,518	294		13
	Breckenridge Destinations	7,502	3,328	3,136	391		21
	Vail Destinations	3,893	1,972	1,458	190	8	-
6/1/2012							
	Mountain Reservations	10,180	4,931	4,974	547		

Roadmap Summary Pivot | a_b Testing Road Map v1 | a_b Testing Process Funnel | **Funnel Data Pivot** | Funnel Data | Funnel Summary (2) | Sheet1



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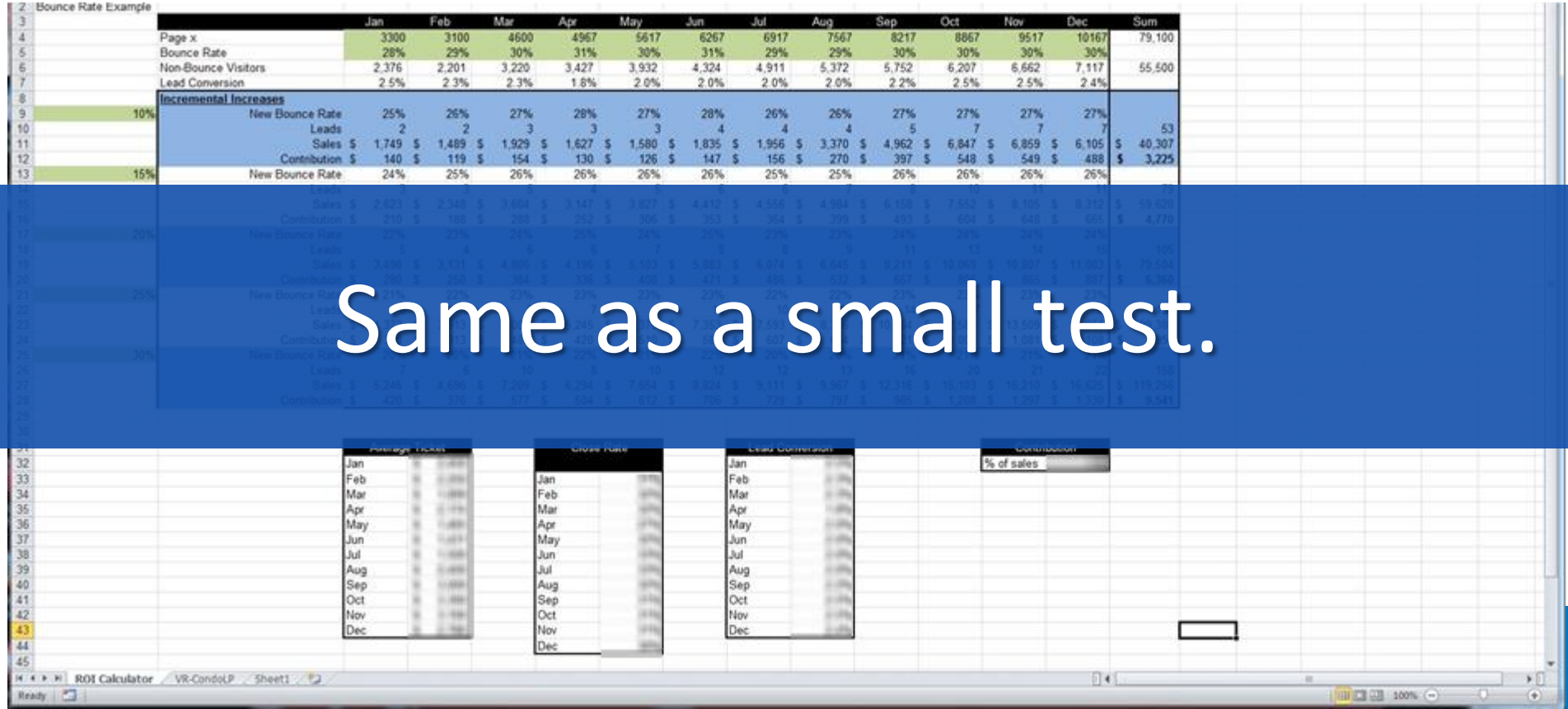
ROI template



Same as a small test.

Setting up your own programmatic testing

1. Custom variable tracking system, spreadsheet templates are vital building blocks
2. Get buy-in from the management team
3. Build a reporting system that ties front end and back end together
4. “Top of the funnel” to the “bottom conversion” may have too much noise in between – keep it simple and isolated
5. Dedicate a person and tie performance to testing

Questions?

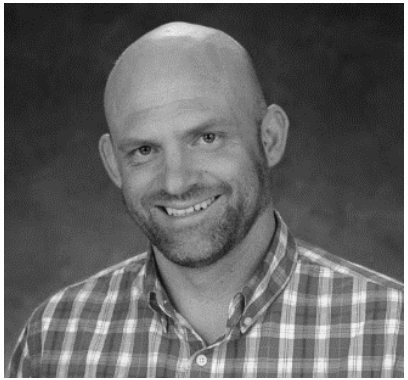
Thank you

Ryan Hutchings

Marketing Director

VacationRoost

@HutchSEO



Daniel Burstein

Director of Editorial Content

MECLABS

@DanielBurstein