

CONVERSION MACHINE

MODULE 1

Profit Optimization

VIDEO 3 Transcript
Terminology

Terminology

Goal

Goals are the key tasks you want your visitor to achieve on the your website.

For example:

- As an ecommerce store this would be when someone buys something
- As a blog this would be when someone signs up to your email list or when they are referred to a product landing page
- As a saas product this would be when someone signs up or converts to a paid account

Goals are normally a way to measure the number of leads and sales a website generates.

Conversion

As you learnt earlier in the course this is when someone completes one of your key actions. It is the completion of one of your goals.

Conversion rate

This is the percentage of your visitors that complete a goal, the percentage of your visitors that complete your key tasks.

So what is a good conversion rate you might ask?

What should you benchmark yourself against?

The truth is you shouldn't, industry averages according to a report by MarketingSherpa vary between 2 - 10%.

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This means that between 2 and 10 people out of every 100 that visit your site should complete your key task.

Ecommerce was recorded at around 3%, SaaS at around 7%, but do not get wrapped up in industry averages.

Focus on YOUR conversion rate and profits and on increasing them month over month.

A realistic goal is to try to increase your conversion rate 15% a quarter from your current rate.

E.g. If your current conversion rate to sale as an ecommerce website is 2%, then after one quarter you would shoot for a 15% increase to roughly 3% (actually 3.04%)

Leads

A lead is a person you have shown interest in your product or service by making a small commitment. A lead is usually generated when someone submits a form via your website and gives you personal contact details. This may be their email address, telephone number or a mixture of different personal details depending on your business.

An example of this would be an email subscriber to your blog or someone asking for a consultation or quote request from your service business.

Lead Magnet

A lead magnet is an email opt in (a form that asks for the visitor's email address) in exchange for a targeted piece of information or content.

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Sales Funnel

Your sales funnel is the path your visitors take through your website from your landing page (the page they first arrive on when visiting your website) to your checkout page.

You should also consider what happens to your user after the sale, this is when you can impress your customers with great customer service and stand out from your competitors.

Customer Theory

Your customer theory is the compilation of all your customer learning.

It represents who you think your customers are, their problems and their motivations around buying your product or service.

Your customer theory includes three documents:

- Brand positioning statement
- Value proposition
- Customer Persona

Customer Journey

Your customer journey is like your sales funnel. It is the steps you user takes from the beginning to the end of your sales process.

However it can also include steps outside your website or app, like comparison shopping or search engine research on your topic.

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Hypothesis

A hypothesis is a statement based on initial data collection and analysis that should be tested and validated.

This means that you collected and analysed some data and from this process learnt something about your website or customer that you should now test to confirm it's truth.

You need a hypothesis to ensure your ab and multivariate tests have a clear focus and outcome. They also help to improve communication within teams and help you to iterate on your customer theory.

AB Testing

This is the testing of website changes by splitting consecutive traffic to see if conversion rate and profit increases.

An example might be testing a different value proposition on your signup page.

This type of testing is also known as split testing.

Multivariate Testing

This more complex type of validation tests multiple versions of multiple page elements at the same time.

The idea is to get a sense of which elements work together best in a design and have the most impact on conversion rate.

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Statistical Significance

Statistical significance is fundamental to hypothesis testing or in the context of the course ab and multivariate testing.

In any test or observation that involves drawing a conclusion, there is always the chance of an error from bad data which would void the test.

Statistical significance works out how likely it is that the test is correct or erroneous.

It tells you if you can rely on the test results and trust them.

Call to action

A call to action is the button on your website that when clicked results in the completion of a goal. Like submitting a form.

On your website each page should focus on helping the visitor complete just one call to action.

Therefore each page must be focussed on just one task you want the visitor to complete to progress to the next step in your sales funnel.

Landing Page

Landing pages are the first pages visitors arrive on when coming to your website. They can be part of your main navigation and website or standalone pages made specifically for advertising campaigns or marketing efforts.

An example of this might be organic traffic to a product or category page on an ecommerce website or pay per click traffic to a sales page.

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Stakeholders

A stakeholder is any customer who is involved with your business.

For many businesses this can be very simple, they have one end consumer, one customer or one stakeholder.

For a platform this can be more complex.

For example:

Elance.com is an online platform for hiring freelance remote workers.

They have multiple stakeholders within their business, the freelancers, the businesses and individuals who hire the freelancers, the advertisers and so on.

Each stakeholder in your system should have a customer persona, we will cover this in the next video.

One true goal

Your customers one true goal is their biggest desire or goal they want to achieve using your product or service.

One core task

Your visitors one core task, is the most important task or call to action you want them to complete on each page of your website. This one core task should be the step your visitor takes to reach the next step in your sales funnel and customer journey.