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Conversion Rate Optimization Report 2011

In association with RedEye

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Conversion Rate Optimization Report 2011



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Contents

1. Executive Summary and Highlights	5
1.1. Key findings	5
2. Introduction by RedEye	8
2.1. About RedEye	9
2.2. About Econsultancy	10
3. Methodology and Sample	11
3.1. Methodology	11
3.2. Respondent profiles	11
4. Findings	12
4.1. Types of conversion and measurement	12
4.1.1. Conversions relevant to organization	12
4.1.2. Types of conversion rates measured	14
4.1.3. Methods used to measure conversion.....	16
4.1.4. Satisfaction with online conversion rates	18
4.1.5. Improvement in online conversion rates in the last year	20
4.1.6. Change in online conversion rates in the last year.....	22
4.2. Tools and strategies.....	23
4.2.1. Methods currently used for improving conversion rates.....	23
4.2.2. Implementation of methods used to improve conversion rates.....	27
4.2.3. Methods planned for improving conversion rates	31
4.2.4. Value of methods used for improving conversion rates	35
4.2.5. Cart abandonment	39
4.3. Best practice	45
4.3.1. Best practices carried out by organizations	45
4.3.2. Most effective technique for improving conversion rates	49
4.4. Testing	51
4.4.1. Areas of testing.....	51
4.4.2. Tools and services used to test websites	53
4.4.3. Elements of websites tested.....	55
4.4.4. Number of tests carried out on website per month	57
4.4.5. Elements of email marketing tested	59
4.4.6. Number of email marketing tests carried out per month.....	61
4.5. Designing for mobile phones and tablets	63
4.5.1. Website	63
4.5.2. Marketing emails	65
4.6. Segmentation.....	67
4.6.1. Ways of segmenting site visitors and customers.....	67

4.6.2.	Uses of segmentation	69
4.7.	People and processes.....	71
4.7.1.	Number of staff responsible for improving conversion rates	71
4.7.2.	Personal involvement in improving conversion rates	73
4.7.3.	Perceived control over conversion rates	74
4.7.4.	Incentives based on conversion rates	77
4.7.5.	Approach to improving conversion rates	79
4.7.6.	Barriers to improving conversion rates	82
4.7.7.	What would make the biggest difference to conversion rates	86
5.	Appendix 1: Respondent Profiles	87
5.1.	Annual company turnover	87
5.2.	Business sector	88
5.3.	Geography.....	89
6.	Appendix 2: A Structured Approach to Conversion Rate Optimization (Summary)	91

1. Executive Summary and Highlights

This is Econsultancy's third **Conversion Rate Optimization Report**¹, in association with **RedEye**.

The research is based on a survey of more than 700 client-side and agency digital marketers carried out in July and August 2011.

The study looks at the types of conversion and measurement used, as well as tools, strategies and processes employed for improving conversion rates. The report also examines different areas of best practice and identifies which techniques and methods are most valuable for improving conversion rates.

The aim is to provide data and a framework to help companies invest their time and resources as effectively as possible, by examining which methods and processes are most likely to yield results.

1.1. Key findings

- As the world of digital becomes more competitive, and companies get better at conversion rate optimization (CRO), it is becoming harder to improve conversion rates. Around two-thirds (65%) of companies have seen an improvement in conversion rates over the last 12 months, compared to 70% when we asked this question in 2010 and 2009.
 - Companies whose conversion rates have improved over the previous 12 months are using on average **26% more methods** to improve conversion and **50% more ways to segment their visitors and customers** than those companies whose conversion rates have not improved.
- The four variables most strongly correlated with improved overall conversion in the last year are, in order:
 - Perceived control over conversion rates
 - A structured approach to CRO
 - Having someone directly responsible for CRO
 - Incentivizing staff based on conversion rates
- Just under three-quarters (71%) of companies who have...

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¹ Formerly known as the Conversion Report.



2. Introduction by RedEye

RedEye is delighted to sponsor this third Econsultancy RedEye Conversion Rate Optimization Report and would like to thank all the survey participants. The overwhelming response to the survey clearly reflects the growing importance of website conversion to businesses operating online.

Why is conversion rate optimization (CRO) important? Well, with the average online website conversion rate being just 2% to 3%, there is clearly a lot of headroom to improve things. Forrester Research estimates for every \$100 spent on driving traffic to websites, companies spend only \$1 converting that traffic into business. So an extra dollar spent intelligently on CRO should be a better investment than spending more money on generating traffic. This is clearly a major opportunity for online marketers.

So why are conversion rates not better than they are? Our experience suggests it is because improving conversion is complex. This is why we have sponsored this research to help improve industry best practice and make it easier for all digital marketers (including ourselves!) to get better results.

Coming from the perspective of a business that works with clients to improve their website conversion, the results reinforce a number of the practical trends we see on a day-to-day basis:

- If improving website conversion was easy everyone would be doing it! It involves many different technologies, analytical methods and skills.
- Improving conversion is like eating the proverbial elephant. You cannot do it in one go; you need to break it down into specific parts. There are many methods and prioritizing those methods is important.
- A structured process is key. This survey found that companies that had a structured approach to conversion were twice as likely to have seen a large increase in sales.
- People make things happen. Perceived control over conversion rates, having someone directly responsible for CRO and incentivizing staff based on conversion rates are all important to improving conversion.

Looking around the industry you could be forgiven for thinking that improving conversion was simply a matter of buying the latest technology. As practitioners we know this is simply not true. Improving conversion requires both technology and people. It is what you do with the technology that really counts.

Best CRO practice is not just about running lots of MVT tests and data reporting, it's about using data to gain valuable insight and running tests that really count. As we can see from the last three years of this research, favorite methods and tools change, but what has remained the same is a 'structured approach' is always one of the top predictors of improved conversion. 74% of survey respondents who had a structured approach to improving conversion had seen improved conversion rates in the last 12 months. For this reason we have included part of a white paper on how to develop a structured approach to improving website conversion. Also, companies' lack of resources and budget are cited in the report as the biggest barrier to improving conversion. The white paper will show how you can prioritize scarce resources to get the best results for your money.

I hope this report helps you improve your online marketing. Enjoy!

Mark Patron
CEO, RedEye

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2.1. About RedEye

RedEye is a Conversion Rate Optimization (CRO) specialist with practical, in-house expertise in disciplines including; Usability, Web Analytics, Behavioral Email, User Experience Design and AB/Multivariate Testing.

With over a decade of experience, we specialize in driving optimal Conversion Rate Optimization strategies for our clients, including Skype, Ford, Marks and Spencer and ASOS.

RedEye's process of conversion rate optimization helps clients improve their online marketing strategy by integrating web analytics, MVT and usability to fully understand the behavior of your online customers.

RedEye's experts in web analytics will help explain what users are doing on your website.

RedEye's experts in website usability will help explain why users are behaving in a certain way on your website.

Using information gleaned from accurate website analytics, MVT and thorough website usability testing RedEye will produce a tailor made conversion rate optimization process for your business.

Web analytics, visitor segmentation, behavioral email, MVT and website usability form the core components of RedEye's conversion rate optimization process. This unique combination of services has led to the development of a patent pending structured approach to CRO. This structured approach brings together your brand, your business goals and your consumer target groups. Your brand is represented by the website content. Your business goals are analyzed through customer core journeys (for example purchase, registration or getting product information); your target groups are the various consumer segments such as first time visitors versus repeat visitors. Together these three independent elements give you the best holistic view of the data required to improve your conversion.



RedEye launched in Germany and the US in 2011. RedEye now helps many online companies improve their website conversion.

To find out more about RedEye visit www.redeye.com.

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2.2. About Econsultancy

Econsultancy is a [global independent community-based publisher](#), focused on best practice digital marketing and ecommerce, and used by over 240,000 internet professionals every month.

Our hub has 105,000+ members worldwide from clients, agencies and suppliers alike with over 90% member retention rate. We help our members build their internal capabilities via a combination of research reports and how-to guides, training and development, consultancy, face-to-face conferences, forums and professional networking.

For the last ten years, our resources have helped members learn, make better decisions, build business cases, find the best suppliers, accelerate their careers and lead the way in best practice and innovation.

Econsultancy has offices in London, New York and Dubai and we are a leading provider of digital marketing training and consultancy. We are providing consultancy and custom training in the Middle East, and extensively across Europe and Asia. We trained over 3,000 marketers and ran over 200 public training courses in 2010.

[Join Econsultancy](#) today to learn what's happening in digital marketing – and what works.

Call us to find out more on +44 (0)20 7269 1450 (London) or +1 212 699 3626 (New York). You can also [contact us online](#).

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3. Methodology and Sample

3.1. Methodology

This is Econsultancy's third **Conversion Rate Optimization Report** carried out in association with **RedEye**. There were more than 700 respondents to our research request, which took the form of an online survey in July and August 2011.

Respondents included both client-side (in-house) organizations who want to improve their conversion rates, and agencies, vendors or consultancies (supply-side) who are involved in trying to improve conversion rates for their clients.

The findings are shown for client-side (i.e. 'company respondents') and supply-side ('agency respondents') separately.

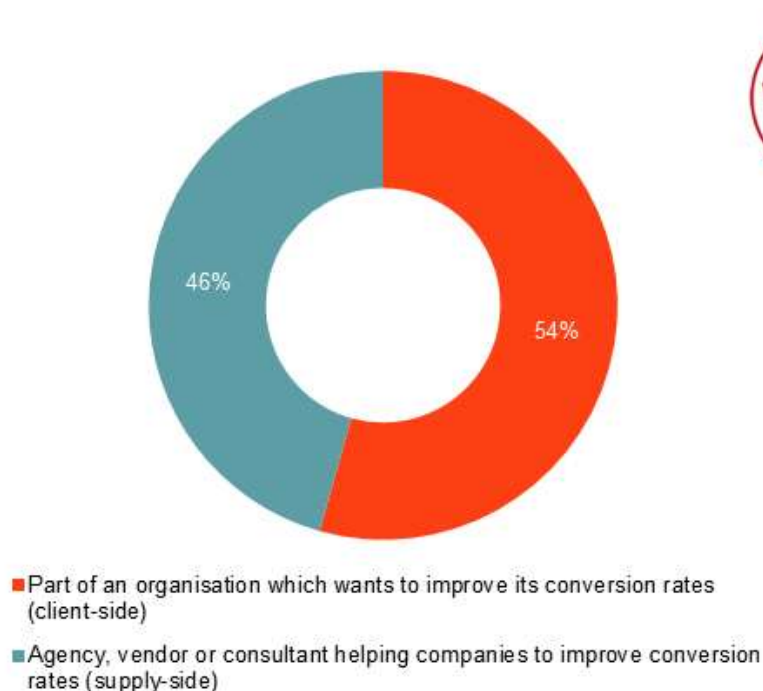
Information about the survey, including the link, was emailed to Econsultancy's user base and promoted online via Twitter and other channels. RedEye, the research sponsor, also promoted the survey to its customers and prospects. The incentive for taking part was access to a free copy of this report just before its publication on the Econsultancy website.

If you have any questions about the research, please email Econsultancy's Research Director, Linus Gregoriadis (Linus@econsultancy.com).

3.2. Respondent profiles

More than half (54%) of survey respondents work for client-side organizations that are trying to improve conversion rates, whilst 46% work for agencies, vendors or specialist consultancies. For more detailed profiling of respondents, see *Section 5*.

Figure 1: Which of the following most accurately describes your job role?



Respondents: 730



4. Findings

4.1. Types of conversion and measurement

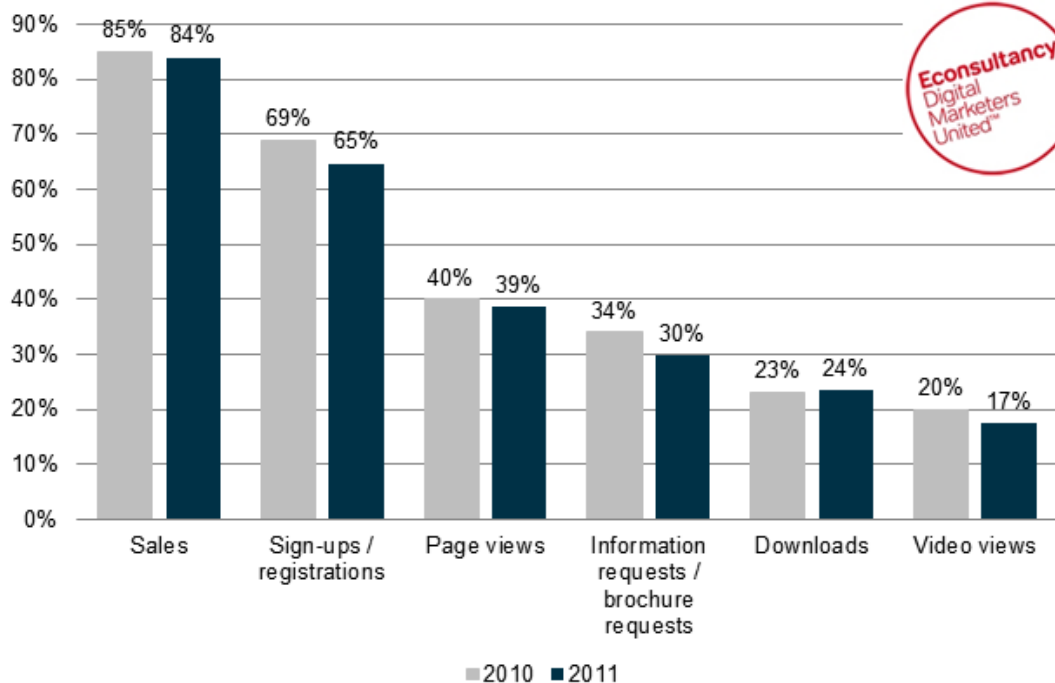
4.1.1. Conversions relevant to organization

As was the case last year, the most widespread types of conversions are *sales* (84%) and *sign-ups/registrations* (65%). *Page views* and *information requests/brochure requests* are considered to be relevant by 39% and 30% of the companies surveyed respectively.

Downloads (24%) and *video views* (17%) are the least widespread types of conversions. Compared to last year, fewer organizations say that *video views* are relevant to them (17% compared to a fifth in 2010).

Companies

Figure 2: What types of conversions or actions are relevant to your organization?



Respondents 2011: 357
Respondents 2010: 352

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4.1.2. Types of conversion rates measured

Just under three-quarters (72%) of companies surveyed measure *overall site conversion to sale*, while around half (52%) measure...

4.1.3. Methods used to measure conversion

The table below summarizes the different methods used to measure conversion, while *Figure 6* shows the extent to which they are used by responding companies.

Table 1: Methods used to measure conversion

Method used	Formula
Sales as a proportion of overall visits	Number of sales / (divided by) visits
Key actions as a proportion of overall visits	Number of key actions / visits
Sales as a proportion of leads	Sales / leads
Sales as a proportion of started baskets	Sales / number of started baskets
Key actions as a proportion of 'unbounced' visits	Number of key actions / (visits – bounced)
Sales as a proportion of unbounced visits	Number of sales / (visits – bounced)

Nearly two thirds of companies surveyed (64%) measure...

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4.2. Tools and strategies

4.2.1. Methods currently used for improving conversion rates

A/B testing has become the most used method for improving conversion, jumping three places since last year, and knocking off customer journey analysis from the top spot. Last year, A/B testing was the highest ranked method *planned* for improving conversion (48%).

There has been a significant increase in the...

4.3. Best practice

4.3.1. Best practices carried out by organizations

As was the case last year, more than half of companies surveyed believe they can improve their approach across the practices outlined in *Figure 35*. *Identifying key performance indicators* is still the area where companies feel they are most proficient, with 40% of respondents saying they perform well and only 9% saying they don't do this.

Out of the 40% who said they did well in *identifying key performance indicators*, 75% had...

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4.3.2. Most effective technique for improving conversion rates

Survey respondents were asked to identify the single most effective action they had taken to improve online conversion rates. Analysis of the verbatim answers showed that the following techniques are considered to be most effective:

- Copy optimization
- A/B and multivariate testing
- ...

<Sample> What has been the single most effective thing you / your clients have done to improve your conversion rates?

“Start A/B and multivariate testing.”

“Checkout simplification”

“Clarifying calls to action”

Company and agency respondents

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4.4. Testing

4.4.1. Areas of testing

Figure 39 shows the most common areas that organizations test. Compared to last year, a higher proportion of companies test *websites* (79%) and *email* (63%).

The proportion of companies saying they...

4.4.2. Tools and services used to test websites

Compared to last year, the proportion of companies using an *in-house solution* to test their websites has declined by 8%.

The market seems to be recognizing that there is a...

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4.5. Designing for mobile phones and tablets

4.5.1. Website

Despite the fact that mobile phones and tablets have significantly grown in popularity over the last few months², more than two-thirds (70%) of companies are not designing their websites specifically for either.

This is definitely a missed opportunity, particularly in...

Figure 3: Have you/your clients designed your/their website specifically for either of the following?

<Sample>

Company respondents: 307

Agency respondents: 242

Note: This is a new question for the 2011 report, so there is no trend data.

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Econsultancy published a mobile websites and Apps Optimization Best Practice Guide ,
<http://econsultancy.com/reports/mobile-websites-and-apps-optimization-best-practice-guide>



Conversion Rate Optimization Report 2011 In association with RedEye



Page 15

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4.5.2. Marketing emails

Figure 53 shows a similar pattern, with the vast majority of companies not designing their marketing emails for mobile phones and/or tablets.

Figure 4: Have you/your clients designed your/their marketing emails specifically for either of the following?

<Sample>

Company respondents: 300
Agency respondents: 236

Note: This is a new question for the 2011 report, so there is no trend data.

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4.6. Segmentation

4.6.1. Ways of segmenting site visitors and customers

As *Figure 55* shows, behavioral segmentation has now overtaken demographic and geographic segmentation. A higher proportion of companies have started to recognize that behavioral segmentation is...

4.7. People and processes

4.7.1. Number of staff responsible for improving conversion rates

Figure 59 shows that the number of people responsible for CRO is increasing, with 73% of companies having at least one person responsible compared with 70% last year. More companies now have more than...

Companies

Figure 5: Have your online conversion rates improved over the last 12 months?
(cross-tabulated against number of people who are directly responsible for improving conversion rates)

<Sample>

Respondents: 260

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4.7.2. Personal involvement in improving conversion rates

As was the case last year, the vast majority of client-side respondents (93%) are personally involved in their organizations' efforts to improve conversion rates.

Companies

Figure 6: Are you personally involved in your organization's efforts to improve conversion rates?

<Sample>

*Respondents 2011: 303
Respondents 2010: 281*

4.7.3. Perceived control over conversion rates

Perceived control was the variable with the strongest correlation with improved conversion rates, yet only 13% of companies think they have a great deal of control over conversion rates. Out of those companies who had a great deal of control...

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5. Appendix 1: Respondent Profiles

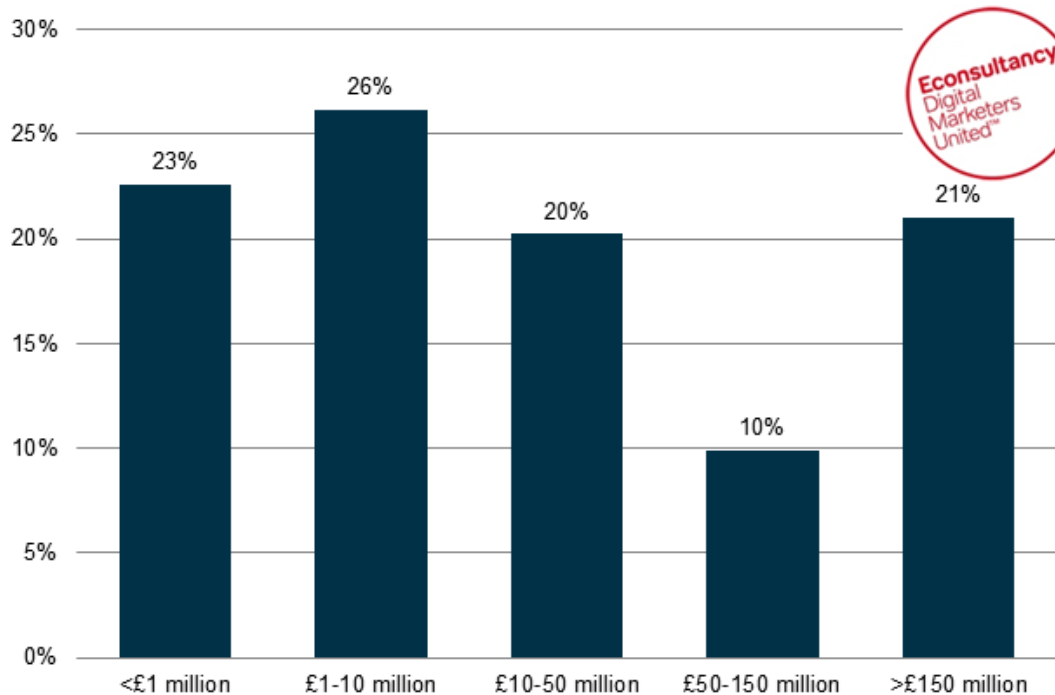
5.1. Annual company turnover

There is a good representation of organizations across the full spectrum of company size. Just under a quarter of companies (23%) have an annual turnover of less than £1m, whilst 26% have revenues of between £1m and £10m.

Over half of companies surveyed (51%) have a turnover of more than £10m, and 21% of responding companies are earning more than £150m annually.

Companies

Figure 7: What is your annual company turnover?



Respondents: 300

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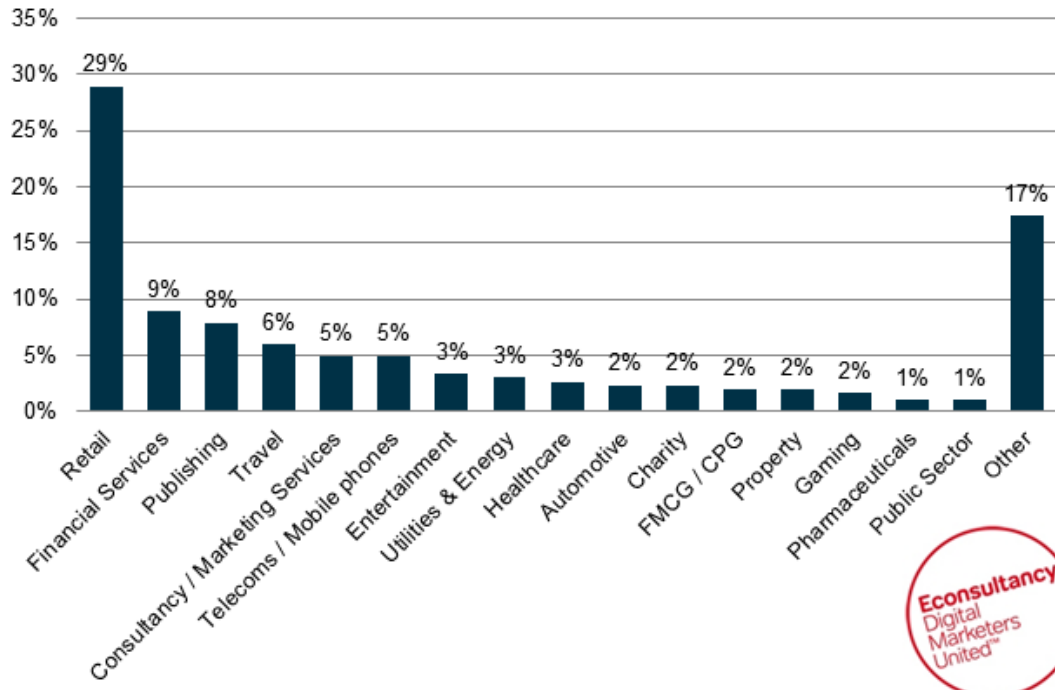


5.2. Business sector

Client-side respondents come from a wide range of sectors, with *retail* (29%), *financial services* (9%), *publishing* (8%) and *travel* (6%) being the best represented.

Companies

Figure 8: In which business sector is your organization?



Respondents: 304

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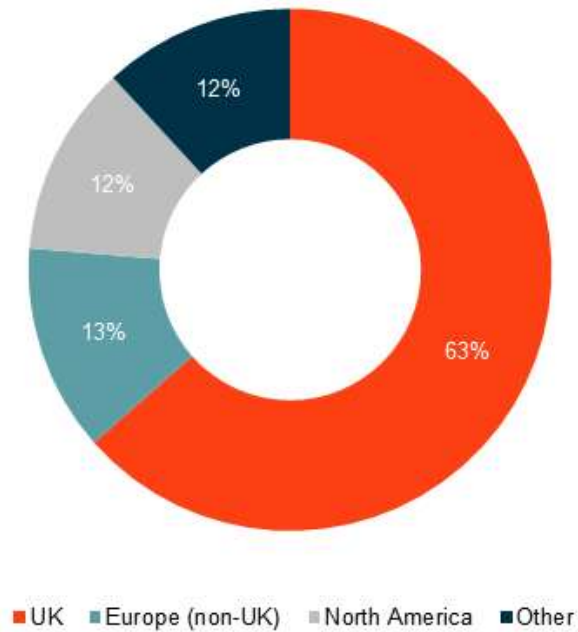


5.3. Geography

More than half of companies surveyed (63%) are UK-based, whilst most of the remaining ones are based in *mainland Europe* (13%) and *North America* (12%).

Companies

Figure 9: In which country / region are you (personally) based?



Respondents: 304

Sample only, please download the full report from:



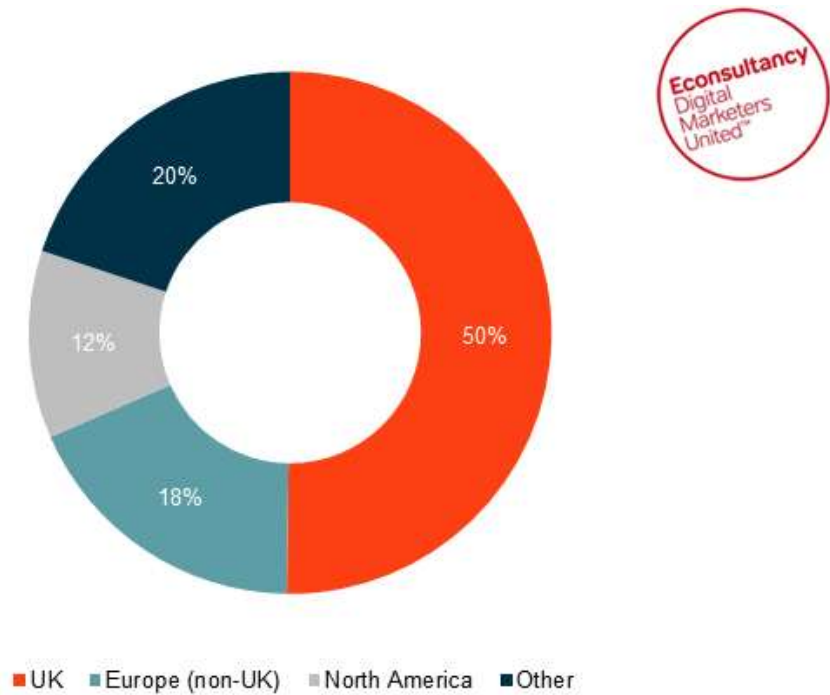
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Half of agencies are based in the UK, whilst 18% are from Europe and 12% are from North America.

Agencies

Figure 10: In which country / region are you (personally) based?



Respondents: 241

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6. Appendix 2: A Structured Approach to Conversion Rate Optimization (Summary)

The following information is taken from the RedEye white paper, *A Structured Approach to Conversion Rate Optimization*. Download the full white paper [here](#).

Conversion rate optimization is the method of creating an experience for a website or landing page visitor with the goal of increasing the percentage of visitors that convert into customers³. With the average online website conversion rate being just 2% to 3% there is clearly a lot of headroom to improve things. Forrester Research estimates for every \$100 spent on driving traffic to websites, companies spend only \$1 converting that traffic into business. So an extra dollar spent intelligently on CRO should be a better investment than spending more money on generating traffic.

Over the past three years RedEye has joined forces with Econsultancy to research how companies are improving their website conversion and to understand what is working and what is not. Whilst there has been some changes in favorite methods and tools, the one thing that has remained constant, is those that improve conversion have a structured approach.

In 2009, 2010 and 2011 having a structured approach to conversion was...

To find out more about the different methods and tools you can use within each stage of RedEye's conversion rate optimization process download the full white paper, available [here](#).

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<http://econsultancy.com/reports/conversion-rate-optimization-report>

³ Conversion Optimization, wikipedia. Submitted 31 March 2011, from http://en.wikipedia.org/wiki/Conversion_optimization

