

Forrester Opportunity Snapshot: AB Tasty

Maximize Customer Value Through Strategic Conversion Rate Optimization

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Enhance Your Digital Customer Experiences Through Strategic CRO

Delivering optimal experiences to our customers as we continue to digitally disrupt our engagement with them is getting more difficult. Yet designing and building digital experiences that attract, engage, and ultimately convert is essential. Conversion rate optimization (CRO) remains a critically valuable and useful tool for this. Unfortunately, organizational and technological challenges hold back CRO programs. The good news? Organizations can overcome these hurdles through the strategic approach demonstrated by firms leading the field in CRO. Firms can deliver highly impactful CRO programs by focusing on people and expertise and engaging external partners strategically. Mature CRO capabilities optimize customer experience, drive loyalty, and ultimately contribute to revenue growth and deliver real competitive advantage.

PROJECT BACKGROUND

In April 2018, AB Tasty commissioned Forrester Consulting to conduct a study on how firms are implementing conversion rate optimization initiatives across their digital properties. The study explored how firms are currently operating their CRO programs, what distinguishes forward-thinking firms from others that are further behind in their CRO journeys, challenges around CRO, and the benefits across customer experience and business outcomes.

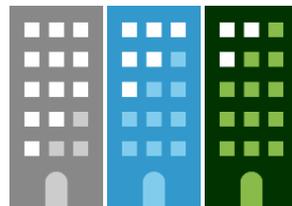


Country

USA: 34%

UK: 34%

France: 32%



Industry

Financial services and/or insurance: 20%

Media: 20%

Retail/eCommerce: 20%

eServices: 20%

Travel/Hospitality: 20%



Respondent department

Executive team: 23%

Marketing/advertising: 23%

Customer experience: 18%

Digital: 18%

Product/UX: 18%



Respondent position

C-level executive: 17%

Vice president: 25%

Director: 28%

Manager: 25%

Project manager: 6%

Note: Percentages may not total 100 because of rounding.

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CRO Is Critical To Delivering The Best Customer Experiences

As customer engagement continues to be digitally disrupted, delivering optimal customer experiences is becoming more challenging. To succeed, firms must design and build digital experiences that attract and sustain customer engagement. Now an established practice, CRO is an increasingly valuable and useful tool for firms seeking to deliver superior customer experiences. In our study:

- Ninety percent of firms rated their CRO programs as “valuable” or “extremely valuable” to achieve their strategic goals.
- Aside from main websites, the majority of firms are implementing CRO techniques across other digital properties, including mobile sites (78%), mobile apps (72%), and social (63%).

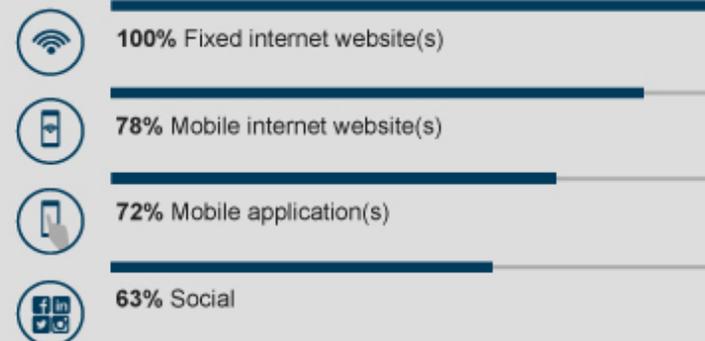
60% of US firms and 50% of UK firms rated their CRO programs as “extremely valuable,” compared to just 35% of French firms. This corresponds with Forrester Analytics’ Business Technographics® research on marketing (2017), which revealed that, for the French market, only 17% completely agree their competitive strategy is dependant on digital, compared to 30% for the US and 28% for the UK market.¹

¹ Source: Global Business Technographics Marketing Survey, Forrester Research, Inc., September, 2017.

Firms rate their CRO programs as valuable for achieving their strategic goals.



Digital properties in which CRO tactics are performed



Base: 163 decision makers responsible for conversion/experience optimization
Source: A commissioned study conducted by Forrester Consulting on behalf of AB Tasty, April 2018

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Leading Firms Organize And Structure CRO Initiatives Effectively

Many of the firms surveyed are forward-thinking; they strategically adopt enterprisewide conversion rate optimization initiatives to gain market differentiation:

- Twenty percent of the firms in our study have a center of excellence team, which manages and espouses best practices and coordinates programs. The majority of firms have some level of internal cooperation, with resource sharing and, in some cases, high-level supervision across all teams.
- Mature CRO programs feature a higher formalized process throughout different stages, from ideation and development, through to execution and analysis. In our study, only 23% of firms have achieved this level of maturity. For the majority of firms, CRO initiatives have a mix of formalized and ad hoc tasks.

The financial services and media industries are more mature in their CRO organization compared to others: 24% of financial services and 25% of media firms have a center of excellence. With CRO programs taking around three years to mature, optimization processes in these industries edge ahead since 50% of financial firms and 39% of media firms have had CRO programs for three years or longer.

CRO organization

36% Internal team cooperation with high-level supervision across all teams

28% Sharing of key internal resources between teams

20% A center of excellence team, which manages and espouses best practices and coordinates programs

9% Some internal team cooperation

7% Isolated teams work on their own programs

Structured CRO initiatives

38% Formalized process for some tasks, but mostly ad hoc

28% Formalized process for most tasks, but some tasks are ad hoc

23% CRO initiatives follow a highly formalized process throughout the ideation, development, execution, and analysis of CRO

11% Other types of process

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Strong Organization And Process Leads To CRO Success

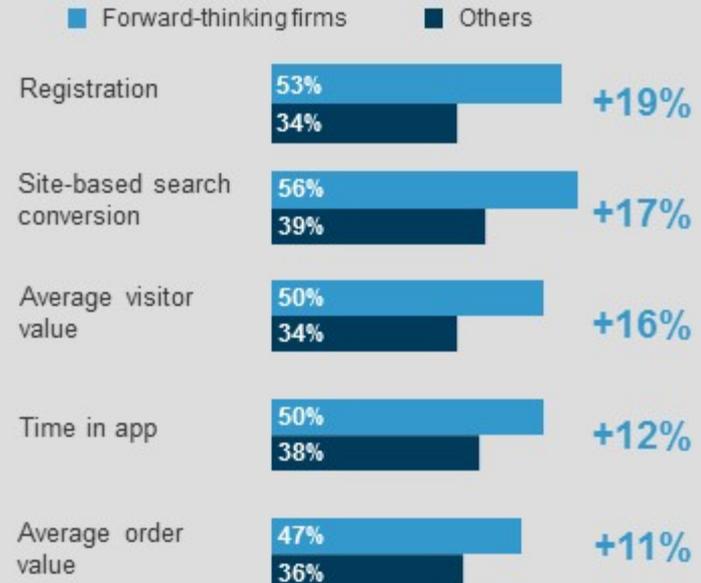
Firms that are good at coordinating and structuring their CRO programs achieve greater success using their CRO initiatives. Firms with a center of excellence see greater improvements, experiencing an increase of more than 10% across several metrics:

- **Average visitor value:** 50% of forward-thinking firms, compared to 34% of other firms.
- **Site-based search conversion:** 56% of leading firms, compared to 39% of others.
- **Registration:** 53% of leading firms, compared to 34% of others.

Firms with a highly structured CRO process saw an improvement of more than 10% in:

- **Time in app:** 50% of forward-thinking firms, compared to 38% of other firms.
- **Average order value:** 47% of leading firms, compared to 36% of others.

CRO initiatives resulted in an increase of more than 10% across . . .



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The Status Of Leadership, Organization, and Techniques Adoption Hinders CRO

Many issues challenge the rollout of mature optimization practices, and Forrester finds that the biggest stumbling blocks are strategy, resources, and lack of continuous optimization. Our study reaffirmed this; firms report a lack of:

- **Leadership support.** Firms lack the support from leadership required to maximize their CRO programs; they find that the executive team does not understand the strategic value of CRO. This results in a lack of resources for CRO and an inability to secure funding, as other business areas take priority.
- **Strategic vision and cooperation.** Nearly a quarter of firms lack a comprehensive strategy for CRO. Firms are also unable to move beyond the silos between teams including digital, IT, and marketing. They find they are unable to scale their CRO program beyond a few projects/teams.
- **Adoption of experimentation.** Techniques such as A/B/n testing and other forms of testing are a critical part of any CRO program. Yet fewer than half (48%) report that they use any experimentation. These techniques provide unambiguous information on the effectiveness of any changes to conversion rate programs. Without them, firms are blind to the comparative effectiveness of different experiences offered in a campaign.

“What challenges do you experience in operating your CRO program?”

29% Lack of resources

28% Securing funding for testing initiatives

25% Silos between the digital, IT, and marketing teams

25% Unable to scale our CRO program beyond a few projects/teams

23% Don't have a good way of prioritizing CRO initiatives and resources

23% Lack a comprehensive strategy for CRO

20% Our executive team does not understand the value of CRO

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Lack of resources is a major challenge for media firms especially: 53% said it was the biggest barrier to operating their CRO program.

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Poor Integration And Lack Of Insights Prevent Customer-Centric Optimization

CRO technology needs to be seamlessly integrated with digital assets to continuously test, evaluate, and redesign customer-centric tactics that optimize conversion. However:

- **Poor integration means poor customer centricity.** A third of firms say that their CRO tech lacks integration. This poses a major challenge when seeking to scale the practices across an ever-expanding swath of digital touchpoints from websites, to email, to apps, to social and search. Lack of integration also means that optimization is siloed and customer data is dispersed across many tools, including analytics, CRM or data management platforms (DMPs), or CRO platforms. Synchronizing across channels — and therefore a customer-centric approach to CRO — is difficult if not impossible.
- **Many CRO programs lack the insights guiding light.** More than a fifth of firms are unable to access user insights, and nearly a third say that interpreting the results of CRO campaigns is a major challenge. How can you interpret anything unless you have the right insights? Insights help create the right segments for properly targeting CRO campaigns and interpreting the results.

“What challenges do you experience in operating your CRO program?”

33% Our CRO technology lacks integration

29% Interpreting the results of CRO campaigns

25% Having various CRO activities running on multiple platforms

21% Our technology does not support all our CRO requirements

21% Lack of access to user insights

Base: 163 decision makers responsible for conversion/experience optimization
Source: A commissioned study conducted by Forrester Consulting on behalf of AB Tasty, April 2018

For financial firms, the lack of integration is a major challenge (48%), and what works in other industries might not tackle sector-specific challenges. This is why 61% of firms in our study turn to external technology/service providers for industry-specific best practices on CRO.

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Leading Firms Focus Spend On People And Skills Rather Than Just Technology

Eighty-three percent of firms plan to increase overall spending on CRO over the next 12 months, and 85% plan to increase spend on CRO technology in particular. Firms with a more mature CRO practice (those with a center of excellence) are focusing spend on the expertise and skills required for successful CRO programs:

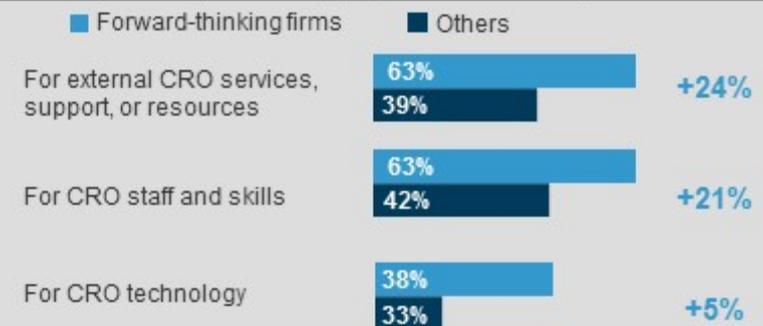
- Sixty-three percent of firms with a CRO center of excellence will increase spend on external CRO services, support, or resources by more than 10%, compared to just 39% of other firms.
- Sixty-three percent of firms with a CRO center of excellence will increase spend on CRO staff and skills by more than 10%, compared to 42% of others.

A top challenge is the inability to interpret the results of CRO campaigns, pointing to a lack of expertise. By investing in people and skills, leading firms recognize that leadership and human expertise, and not just technology, are the driving forces behind a successful CRO program. Augmenting skills using external partners, such as technology vendors with consulting services, is one way of overcoming expertise shortage at the moment of need. While firms are using partners for accelerated gains, they should also be building internal expertise to ensure CRO becomes a core competency.

Budget for CRO overall



“How do you expect your CRO budget will change in 2018?” (Showing “Increasing by more than 10%”)



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Leading Firms Leverage The Expertise Of External Partners To Achieve CRO Goals

Seventy-two percent of firms prefer to work with an external partner on their CRO programs, whether that be the consulting services of a tech vendor or an agency. Many are differentiating themselves and achieving greater ROI from their CRO programs by engaging partners strategically, rather than tactically. Our study found that firms with a more mature CRO practice (featuring a center of excellence) were more likely to:

- Engage their external partners for targeting and testing campaign deployment and management.
- Look for a breadth of CRO techniques using an “all-in-one” approach, working with external partners to integrate their CRO activities onto one platform. This deals with the challenge of poor integration, as experienced by most firms.

Firms further behind in their CRO journey tend to use external partners more tactically, for example, analyzing CRO campaign results and outsourcing CRO programs/initiatives.

“How does your external technology/service provider help you to succeed with your CRO program?” (Showing “Critical to success” only)



Base: 118 decision makers at the manager level or above who use an external agency or vendor to manage CRO program
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Enhancing CRO Can Improve Customer Experience And Business Outcomes

For firms in our study, CRO resulted in improvements in both customer experiences, enabled by improved customer segmentation/targeting, and business outcomes such as increased revenue. Firms saw an increase of more than 5% across key indicators of customer experience and business outcomes, with forward-thinking firms edging ahead.

- **Increased average visitor value:** 66% in total experienced this benefit, with a 16% difference between forward-thinking firms and others.
- **Improved customer satisfaction:** 63% in total achieved this improvement, with 13% more forward-thinking firms achieving this compared to others.
- **Improved customer lifetime value:** 60% in total reported an increase here, with a 15% difference between forward-thinking firms and others.

By engaging technology/service providers strategically on CRO, forward-thinking firms have achieved a greater improvement in customer experience and business outcomes.

As a result of CRO initiatives, firms experienced an increase of more than 5% in . . .



Forward-thinking firms achieved greater impact from their CRO activities.



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Customer experience drives customer loyalty, which in turn drives increased revenue growth.² This study highlighted the role of strategic CRO in this mechanism: 94% of firms say their CRO initiatives have increased customer satisfaction. As firms seek to adopt or mature CRO programs, they must:

- **Make CRO part of a competitive strategy.** CRO tactics implemented within isolated projects do not attain the level of effectiveness and scale needed to make a competitive difference. To deliver sustained, impactful campaigns, CRO professionals must gain support from leadership, and programs must be part of the firm's digital transformation strategy.
- **Organize and build processes for CRO at scale.** Silos and lack of coordination are mostly due to organizational designs that do not allow for cooperation. There is also a lack of processes that would allow best practices to be applied at scale. Top-down reorganization of traditionally isolated teams and overarching and coordinating processes can make a true difference to CRO effectiveness.
- **Partner to accelerate adoption and maturity.** Reach out to strategic CRO partners to implement the right tech and to help you coordinate, train, and build your teams and processes. While CRO should be a core internal competency in the long term, don't be afraid to turn to trusted partners to help deliver on your first big transformative CRO programs, as well as continually deepen your teams' CRO knowledge with industry-specific best practices as they grow.

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METHODOLOGY

In this study, Forrester conducted an online survey of 163 decision makers at firms in the USA, the UK, and France. Respondents were responsible for or influential in their firms' CRO programs and represented industries including financial services, media, eServices, travel/hospitality, and retail/eCommerce.

Project Director

Hannah Price

Senior Consultant

² Source: "Customer Experience Drives Revenue Growth In Europe, 2016," Forrester Research, Inc., January 4, 2017.