Company Boosts Online Profits 53% by Leveraging Their Conversion Funnel as a Business Diagnostic Tool

Learn how one e-commerce company drove significant growth and profits by looking at their online conversion funnel in a different way.

Case Presented by Rafe VanDenBerg, President
Business Development Xcellerator, Inc. (BDXi)

Situation Overview

This e-commerce operation had been doing pretty well by most standards. In just a few short years, they had built a profitable, multi-million-dollar business in a competitive niche market --- using the Web to sell products directly to small businesses and consumers. They had developed a solid operational foundation and a good reputation in the space. Everything seemed to point toward continued growth and success.

But then they reached a plateau. Their growth rate slowed significantly and their profits became somewhat inconsistent.

The company struggled to get beyond a certain level of profitable performance. There seemed to be a cap on how much growth they could drive while maintaining profitability. Every time they tried to "step on the gas" so to speak, they got a negative return for their efforts. The approach that had gotten them to where they were was clearly not going to get them to the next level.

We were engaged to help them achieve a breakthrough.

Like most e-commerce firms, we found this company immersed in the expected tactical activities --- analyzing online metrics, tweaking the site, running PPC campaigns, doing natural search optimizations, etc. And they were acutely aware of their key performance indicators --- their conversion ratios, shopping-cart abandonment rates, order sizes, acquisition costs, and so on.

What they were missing, however, was the *diagnostic* perspective --- the ability to use certain metrics to diagnose underlying issues and uncover hidden opportunities.

Funnel Diagnostics Overview

In our optimization work, we've found that the online conversion funnel itself can be used as a very powerful *business diagnostic tool*. As it represents actual human behavior in the marketplace, funnel fallout or abandonment can reveal a lot about the underlying strategic and tactical issues that are affecting an e-commerce company's performance across the board.

The *location* of excessive fallout is extremely telling from a diagnostic perspective. Fallout that exceeds certain benchmark levels at different stages of the funnel can be indications of very different root-causes. In other words, by understanding *where* the problem is occurring, we can identify the true, underlying strategic and tactical root-causes --- effectively understanding *why* the problem is occurring.

And by identifying and addressing the *real* underlying issues and root-causes, resources can be focused on the *right* problems --- improving growth and profitability much more quickly and efficiently.

Diagnostics in Action

As part of our 4-Point Conversion Funnel Diagnostic process, we gathered performance ratios at the four critical stages --- or milestones --- in this company's conversion funnel, from top to bottom:

1. The Visits-to-Decision-Pages Ratio

2. The Decision-Pages-to-Cart Ratio

3. The Cart-to-Checkout-Start Ratio

4. The Checkout-Start-to-Order Ratio

We then compared their current performance to the diagnostic benchmark levels in each area, and quantified any resulting gaps in terms of orders, revenues, and profits --- to illustrate the magnitude of the issues and help with prioritization.

The analysis showed excessive fallout in three of the four areas. For this company, too many visitors were abandoning the site before even reaching decision-pages, and too many of those that *did* reach decision-pages were failing to move forward in the purchase process. And to a lesser extent, too many visitors were bailing out of the checkout process in mid-stream.

Because of their location within the conversion funnel itself, each of these performance problems can be a symptom of very different underlying root-causes.

In this situation, further investigation revealed that a prospect targeting issue was behind the excessive fallout at the very top of the funnel. At the decision-page level, strategic pricing turned out to be the real culprit. And in the checkout process, issues with interaction and flow were at fault. At each stage of the funnel, the location itself significantly narrowed down the root-cause possibilities, allowing for more efficient and accurate diagnosis.

Effective Optimization

Once the true root-causes were identified, effective and sustainable optimizations and improvements could then be implemented --- with the added confidence that comes from knowing that we were solving the *right* problems.

In some cases, the optimizations were more tactical in nature --- having to do with how something was being executed. In other cases, the improvements were more strategic --- having to do with the "who, what, and why" behind the efforts. And in every case, we sought out sustaining optimizations --- having to do with the underlying processes and capabilities of the personnel involved.

To address the issues with visitor quality, better segmentation and targeting criteria were developed to ensure that the company was always pursuing the most-appropriate prospects. Specific "mix-shifting" protocols were implemented to continuously reallocate resources toward more-targeted activities. Internal training programs and performance-measurement changes reinforced the concepts of visitor quality versus visitor quantity.

As for the pricing issues, a more rigorous pricing practice was institutionalized across the board. Changes were made in how price-performance and price-sensitivities were analyzed and measured. Internal resources were provided with specific pricing optimization training. New processes were implemented for competitive pricing analysis and promotional price-setting.

The checkout process issues were relatively easy to address. Development personnel were assigned usability books to study and discuss. Form usability best-practices were implemented. The registration process was re-worked to effectively "hide" it from new users. Payment and shipping options were re-worked to be more appropriate for the target market.

A key improvement was the infusion of diagnostic principles and practices into the organization itself. As we worked through the diagnostic optimization process together, management and staff learned a different way of thinking and a different way of looking at their conversion funnel metrics. As a result, they'll be able to apply the principles and processes on an ongoing basis, driving continuous improvement and sustainable results.

The Results Achieved

Over the six month term of this engagement, the company was able to drive significantly improved results across the board. In addition to the more qualitative improvements associated with process development and staff training, the following quantitative results were achieved in six months:

- ✓ **Qualified traffic to the site increased by 37%**
- ✓ **Overall site conversion increased by 34%**
- ✓ **Overall e-commerce revenue increased by 56%**
- ✓ **New customer acquisition increased by 99%**
- ✓ **Repeat purchase behavior increased by 41%**
- ✓ **Online profit contribution increased by 53%**

Confidentiality

While the details of this case are accurate and the results substantiated, the name of the company, and the principle players involved, have been omitted to maintain client confidentiality and help protect competitive advantages. Every situation is different and the results in this case are unique to this client.

About the Author and BDXi

Business Development Xcellerator, Inc. (BDXi) is a business consultancy and training firm that specializes in helping companies produce increased levels of growth and profitability in sustainable ways. From one-on-one consulting engagements and coaching programs to do-it-yourself systems and products, BDXi offers solutions to address a variety of needs.

Prior to founding BDXi, Rafe VanDenBerg was the marketer behind a highly-profitable e-commerce business that grew from its very first dollar to well-over $500 million per year. He is a frequent lecturer on a variety of sales, marketing, and business development topics—ranging from pricing optimization and direct-response advertising to change management and strategic marketing.

Contact BDXI Today

To discuss this particular case or learn more about how we can help produce more growth and profits from your existing investments and assets, visit our website at **www.bdxi.com** or call **(208) 938-4356** today.

4-Point Conversion Funnel Diagnostic Solutions

Proven Optimization Method

BDXi's 4-Point Conversion Funnel Diagnostic process is a field-tested and proven method for improving growth, profitability, and overall e-commerce business performance.

No Integration Required

- Enter data from any available source and maintain ultimate control over your proprietary information
- Get started quickly and easily without messy integrations, installations, or IT involvement
- Will work with any web analytics solution or web reporting package

Online Training Courses

- Proprietary training courses covering the principles and processes of conversion funnel diagnostics, tool usage, root-cause identification, and effective optimization
- Continually updated and expanded with additional videos, case studies, articles, and more
- Learn at you own pace and on your own schedule with on-demand access to this online training library
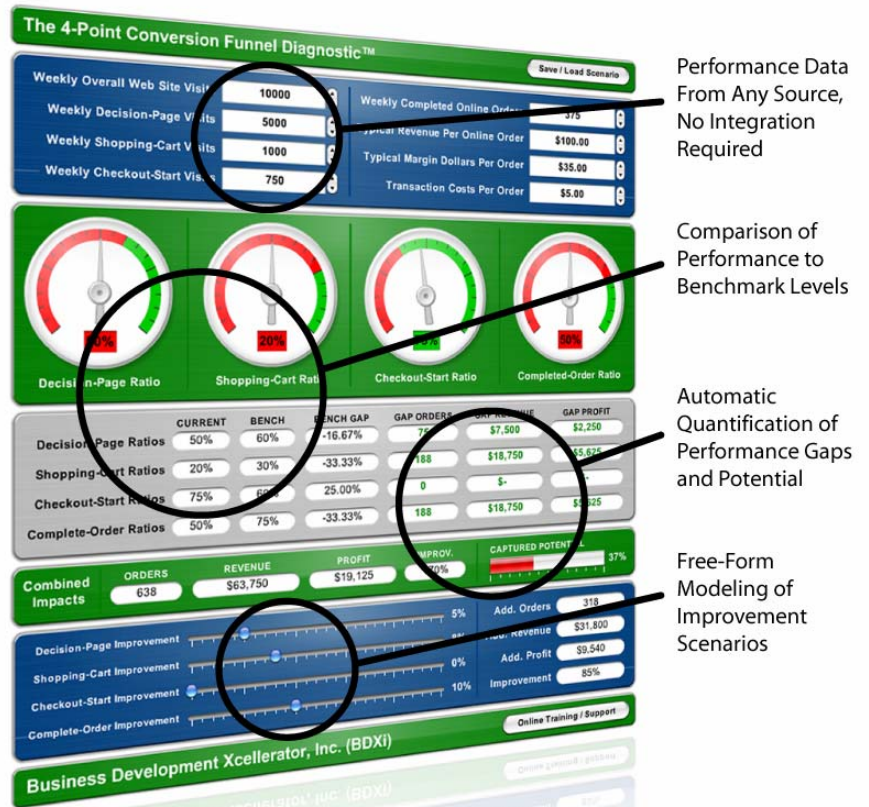
Benchmark Comparisons

- Compare your performance at four levels of the conversion funnel to specific diagnostic benchmarks
- Graphical displays and detailed views help identify critical performance gaps and improvement opportunities

Automatic Quantifications

- Uses your specific financial data to automatically quantify performance gaps in orders, revenues, and profits.
- Quantifies the value of individual *and* combined improvements to illustrate the magnitude of the issues involved and help with prioritization

Scenario Modeling Sliders

- Free-form, interactive modeling of performance improvements at each stage of the conversion funnel
- Real-time quantification of the combined improvement impacts

Performance Data From Any Source, No Integration Required

Comparison of Performance to Benchmark Levels

Automatic Quantification of Performance Gaps and Potential

Free-Form Modeling of Improvement Scenarios

Your Conversion Funnel is Telling You Where to Find <u>More Growth and Profit</u>… Are You *Really* Listening?

Few marketers realize how their conversion funnel can be used as a powerful *business diagnostic tool* --- revealing a number of strategic and tactical opportunities for improved growth and profitability.
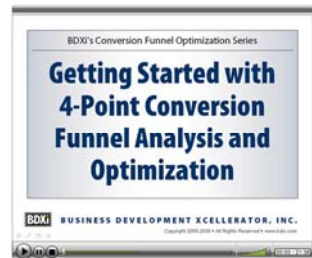
The **4-Point Conversion Funnel Diagnostic Tool** helps you identify and quantify improvement opportunities in your existing conversion funnel. Enter the necessary information and the tool does the rest --- comparing your performance to benchmarks at multiple levels; quantifying any performance gaps; and finally, helping identify and prioritize optimizations to improve your results.

The **Online Training Courses and Resources** teach the underlying principles and processes of conversion funnel diagnostics, root-cause identification, and effective optimization. From basic training courses to higher-level explorations, this continually expanding online resource library is like having optimization specialists at your fingertips, available on-demand, and 24x7.
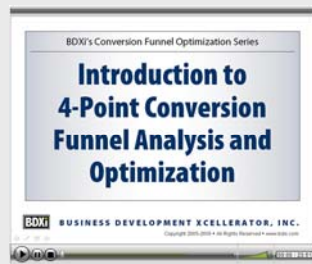
101 Course --- Introduction to 4-Point Conversion Funnel Diagnostics

This course guides you forward in your improvement efforts, providing a general overview of diagnostics, the seven-step conversion funnel optimization process, the funnel metrics and ratios that are utilized, as well as the various resources we provide. This basic training provides a solid foundation and understanding of the underlying principles and processes.

201 Course --- Getting Started with 4-Point Conversion Optimization

This course helps you get started by walking you through the various sections of the 4-Point Conversion Funnel Diagnostic Tool, teaching you about proper ongoing use, providing perspective on the problems and opportunities you identify, and giving you helpful hints and tips on identifying root-causes and effective optimizations.
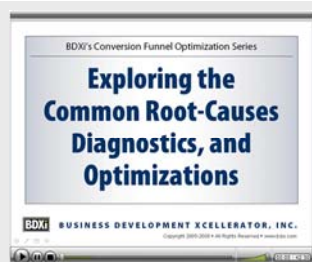
301 Course --- Exploring Root-Causes, Diagnostics, and Optimizations

In this course, we explore a number of the major root-cause categories or themes that we encounter repeatedly in our optimization work. From the core concepts that need to be understood to some of the diagnostics and optimizations that we've found to be effective in a variety of situations, this information will jump-start your efforts.
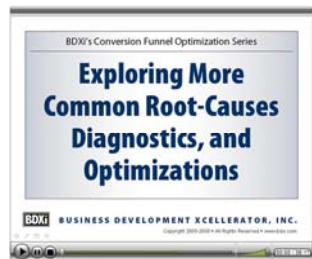
302 Course --- More Root-Causes, Diagnostics, and Optimizations

This course covers even more of the major root-cause categories that could be affecting performance in various stages of your conversion funnel. Again, these root-causes are covered in-detail --- from core concepts through diagnostics and optimizations --- to help you move forward more efficiently and effectively.

And much more…the online training resource library is continually updated and expanded with additional videos, audios, case studies, articles, reports, and more!

✓ **6 and 12 Month Subscription Packages**
More affordable than consulting and traditional training programs --- with no messy contracts or implementation plans to slow you down.

✓ **Multi-Seat / Group Discounts**
Get your entire team on the same page quickly, easily, and consistently --- roll-out is a breeze and more convenient than scheduled classes.

✓ **Optimization Services Available**
From flexible e-mail and telephone coaching programs to one-on-one consulting and on-site training, there are a variety of additional services to address your specific needs.

Get Started Today!

To start your online subscription to the 4-Point Conversion Funnel Diagnostic Solutions or discuss your specific needs, visit us online at:

www.bdxi.com

Or call (208) 938-4356

BDXi

Business Development Xcellerator, Inc.

389 E. Stonewater Ct. • Eagle ID 83616

4-Point Conversion Funnel Diagnostic Solutions:
Frequently Asked Questions

1. **Who's this solution most-appropriate for?**

   a. This solution is primarily geared toward established multi-product online retailers, selling business-to-business and/or business-to-consumer. The tool and training is designed around the typical e-tail transaction model where prospects view products, add them to a shopping cart, and then check out.

2. **Who's this solution NOT appropriate for?**

   a. This solution is designed to help optimize an existing operation. Therefore, it's not suitable for e-commerce businesses that are just getting set up and have no conversion funnel traffic to analyze.

3. **What kinds of results can I expect?**

   a. In our experience, this process can improve performance in a multi-dimensional way --- more qualified traffic, increased conversion, reduced customer acquisition costs, more repeat purchasing, improved efficiency and focus, and ultimately, improved profitability. The results you're able to achieve in your specific situation depend on a number of factors including the root-causes that are identified, the amount of time and resources you dedicate, the baseline capabilities of your organization, and so on.

4. **How is this different than other conversion solutions?**

   a. Strictly speaking, this solution isn't simply about achieving higher conversion ratios. Rather, this solution uses conversion funnel ratios as a diagnostic indicator of underlying strategic and tactical issues that can affect performance across-the-board. While higher conversion ratios are often produced along the way, the ultimate aim is to generate more profit.

5. **How do I set this up?**

   a. No integration of any kind is required to get started. However, to use the tool effectively, you will need to gather the appropriate metrics --- sales funnel metrics from your analytics package and financial metrics from your sales reporting systems.

6. **What else do I need to get started?**

   a. To access and use the online solutions, all you need is internet access, a Flash-capable browser, and a valid username and password. Of course, you need to have a web analytics or web reporting solution running on your site to gather the appropriate metrics for the diagnostic tool.

7. **Will this work with any analytics package?**

   a. This solution will work with any analytics package or reporting tool that allows you to see the number of visits that reach different pages and types of pages on your site. Most packages available today --- even the free ones --- offer the type of metrics that are needed.

8. **How is the training delivered?**

   a. The training is delivered online --- through web-casts, downloadable materials, and other online media. With a valid login, the training materials can be accessed at any time, on-demand, and 24x7. This online training resource library is constantly expanding to put the best information right at your fingertips.

9. **What if I need help with diagnosis and optimization?**

   a. Should you want some help diagnosing your issues, identifying profitable opportunities, or making improvements, there are a number of additional optimization services available. From flexible e-mail and telephone coaching programs to one-on-one consulting and training, there are a variety of ways to get the help you need.

10. **How secure is my proprietary data?**

    a. The standalone diagnostic tool does not store data anywhere in our systems --- providing ultimate security for your proprietary business information. As a convenience, however, the tool does allow you to save various scenarios to your desktop for later recall.

11. **Is this a web analytics package?**

    a. This is not a web analytics package or website reporting tool. However, this solution uses metrics from web analytics packages and reporting tools to perform diagnostics and identify profitable improvement opportunities.

12. **Can my whole team use this solution?**

    a. Multi-seat or group discounts are available --- allowing you to roll-out access to the tool and training resources to your entire team, quickly and easily.