

THE OPTIMIZATION BENCHMARK

Q2 / 2015

*The Race to Find the
Ideal Customer Experience*



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Introduction

Optimization is a fast-growing capability, and is being adopted and resourced as a competitive advantage for marketing, growth, product, and engineering-focused organizations around the world.

The practice of optimization has evolved significantly from its origins of A/B testing small tweaks to add incremental conversion improvements. Optimization is now a holistic strategy that takes into account how to optimize every customer touchpoint and continuously drives improvements. Businesses looking to create better digital experiences for their customers and to increase the value of those interactions are turning to experience optimization as a program that can drive proven business benefits.

In Optimizely's independent survey of digital channel owners with Dimensional Research, we observed an emerging set of behaviors that indicate sophisticated optimization being done by teams actively running A/B and multivariate experiments. These teams are doubling down on the people and processes

needed to accelerate the development of their optimization programs. The result? Faster business benefits and in greater orders of magnitude.

For the companies that are already practicing optimization, it is imperative to align around emerging best practices. They should challenge their organizations to optimize more holistically, and make sure that they are supported by ample resources so they can continue to earn dividends on their technology investment in optimization.

For companies who aren't yet investing in optimization, the opportunity cost of waiting on the sidelines will only grow, as other companies continue to develop the organizational skill of optimization into a competitive advantage.

Why Optimizers Test

In the context of this report, “Optimization” is defined as: The process of running A/B/n and multivariate experiments on desktop websites, mobile websites, mobile apps, or other digital channels. This process lets individuals test ideas for improvements to their customers’ digital experiences in a controlled manner, collect data on the outcome, and apply statistical inference to decide on the optimal experience moving forward.

Within the normal course of doing business, the following statement is inevitably made: “This headline doesn’t capture my attention—we should change it.” Or, “This page isn’t _____ enough.” Maybe it lacks visual contrast, clear language, or creates confusion and uncertainty for the visitor or user. In some cases, maybe the conversation is based on analytics data, where a low-performing webpage, app flow, or other digital experience is called out and suggestions for improvements are made.

These discussions can only make clear progress towards a better, more valuable customer experience if they are tested. To learn more about how optimization impacts businesses, we asked nearly 400 individuals how they incorporate optimization into their workflows.

We were impressed by just how rapidly optimization has been integrated across a wide range of teams and companies, and to see how sophisticated the early adopters in this area have become.

Companies are turning to optimization as a natural fit for some of their largest areas of uncertainty—demonstrating ROI, understanding and taking action on company data, and making quick decisions.

According to our survey results, companies are unsure of their ability to understand and take action on their company data, with only 66% and 61% of respondents stating they do so well or very well, respectively.

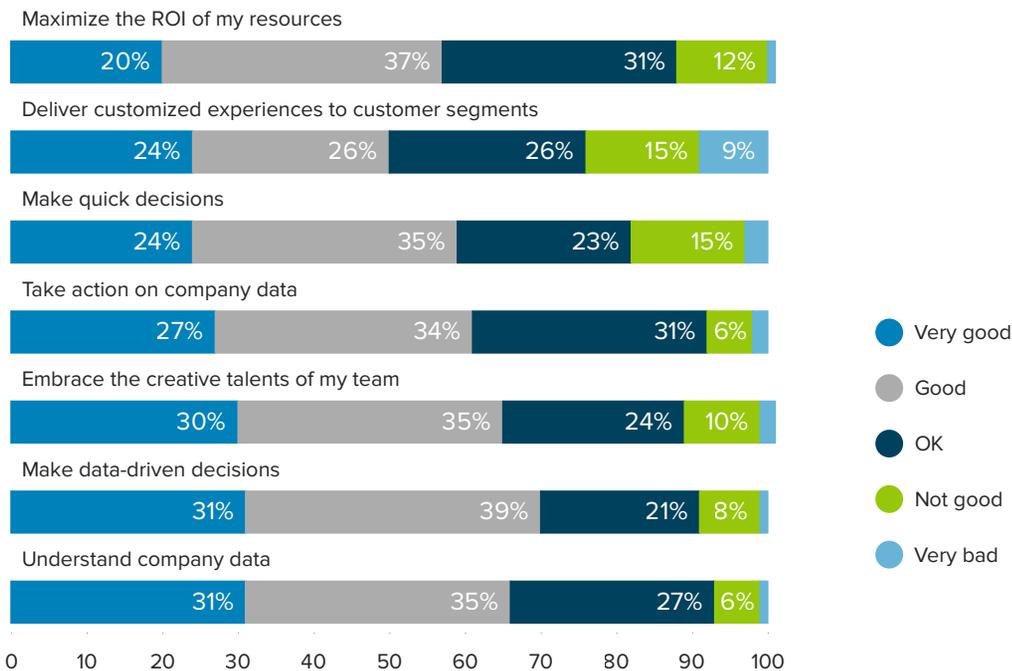
CHALLENGES FACING DIGITAL BUSINESSES

At the same time, businesses today are faced with ongoing changes in technology that steadily raise the bar for digital experiences. Engaging, easy-to-use experiences across web, mobile, email, social, and myriad other channels are driving a complex path of interactions between businesses and their customers. These experiences are constantly evolving, and need to be optimized.

Optimization empirically demonstrates the impact of changes to the customer experience, promotes a culture of learning and experimentation, and drives a faster pace of decision-making within organizations as part of an ongoing process of testing and learning.

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The following is a list of characteristics that many companies struggle with. How well does your company do each of the following?



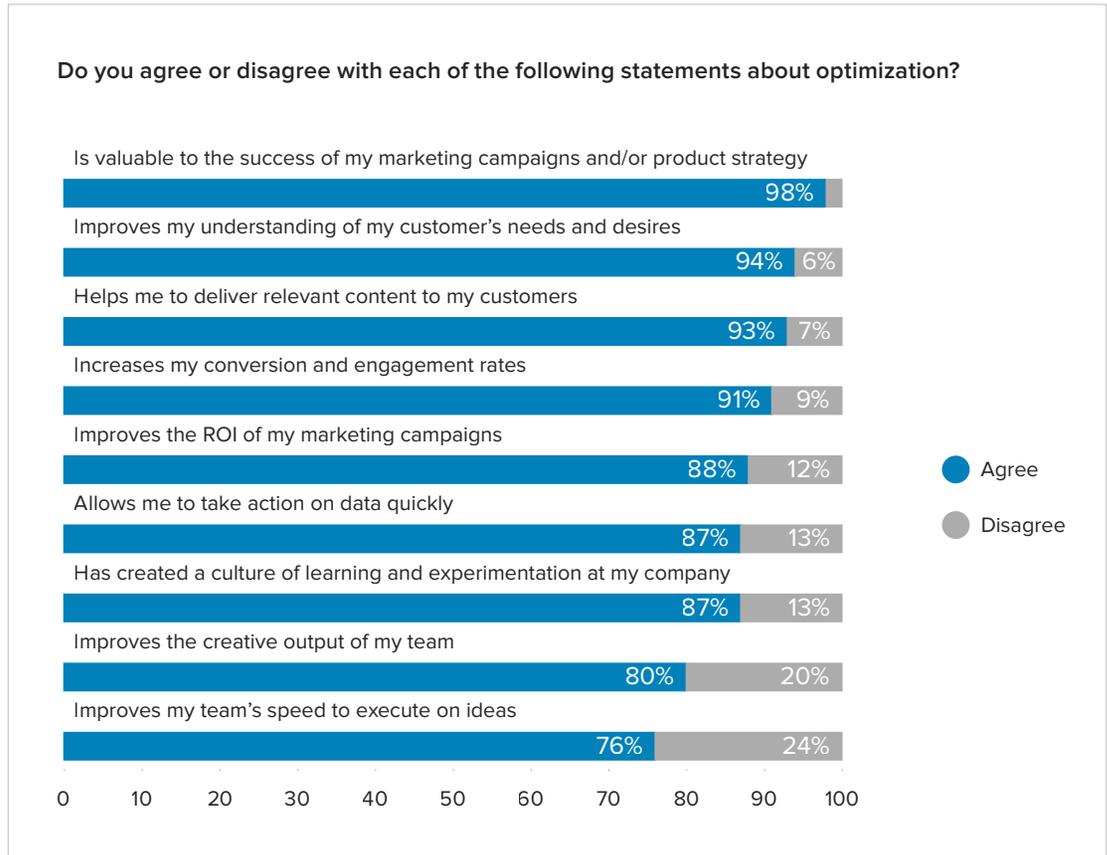
THE BENEFITS OF OPTIMIZATION

When asked how optimization impacts their business, survey respondents overwhelmingly agreed that optimization has been a boon for them. **98% of respondents agreed that optimization is valuable to the success of their marketing and product strategy.**

Optimization also has qualitative and quantitative benefits—91% of those surveyed agree that optimization increases their conversion and engagement metrics, and 87% agreed that it improves the ROI of their marketing campaigns. Furthermore, 94% agree that optimization improves their understanding of their customers.

Optimization is seen as a catalyst for building company cultures of experimentation and learning, a statement that 87% of survey respondents agree with. In terms of process, optimization also improves the speed to execute on ideas for 76% of those surveyed, and improves the creative output of the team for 80% of respondents.

Since optimization drives clear business benefits, both tangible and intangible, it makes sense that the majority of those optimizing are planning to increase their budgets for optimization.



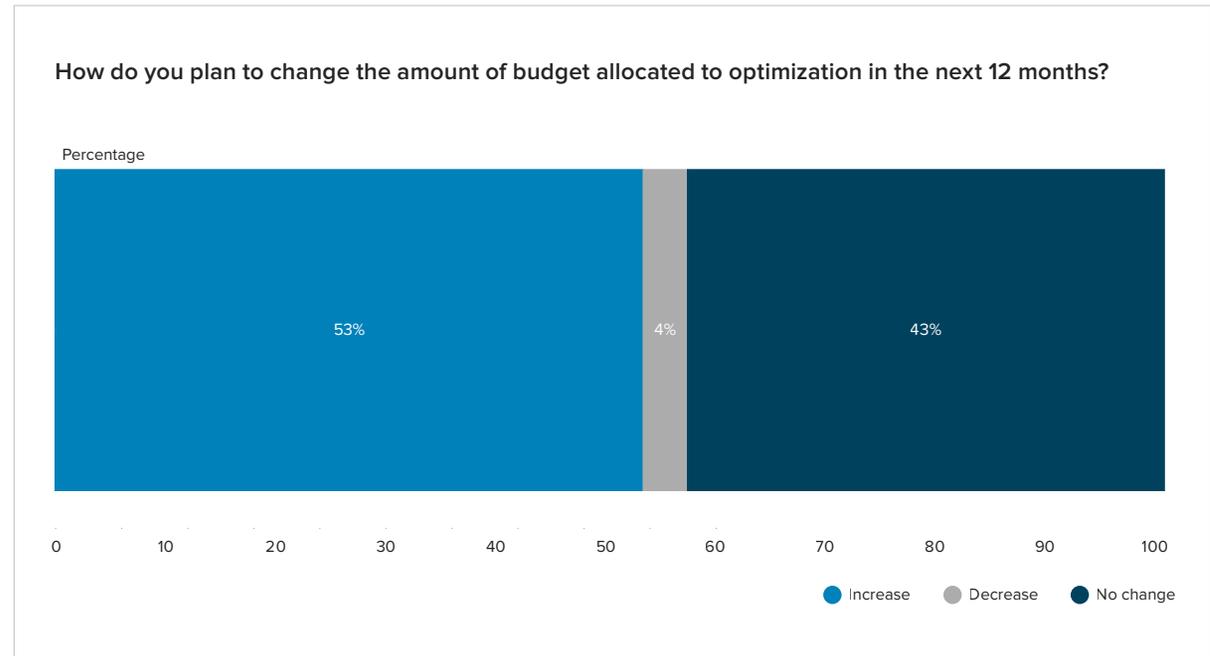
BUDGET TRENDS FOR OPTIMIZATION

More than half (53%) of optimizers surveyed indicated that they plan to increase their budget for optimization in the next 12 months. Managers and executives were also more likely to report a planned increase, at 57% and 61%, respectively.

Additional budget dedicated to optimization will help businesses double down in an area where they are already seeing benefits. When asked why, respondents cited reasons like, “As revenue and budget allowance increases, we plan to put this money back into better optimization,” and “The more we put into optimization, the more benefits we will receive post-optimization.” **They even cited optimization as a competitive advantage: “Optimization has become even more crucial in today’s market, so more budget is required to make a position in the market.”**

Optimization dollars are being used to fund a broad array of resources, from people to software, in order to help these programs flourish. Optimizers are actively hiring, purchasing testing software as well complementary technologies, and preparing to run more experiments in anticipation of higher traffic volumes.

Based on the findings from this research, companies



that have ventured into the world of optimization have seen numerous concrete benefits. They are choosing to reinvest in optimization in order to achieve future gains.

For companies that have yet to begin optimizing, the proficiency gap will only continue to widen, as teams who conduct optimization become more well-resourced and well-practiced in 2015 and beyond.

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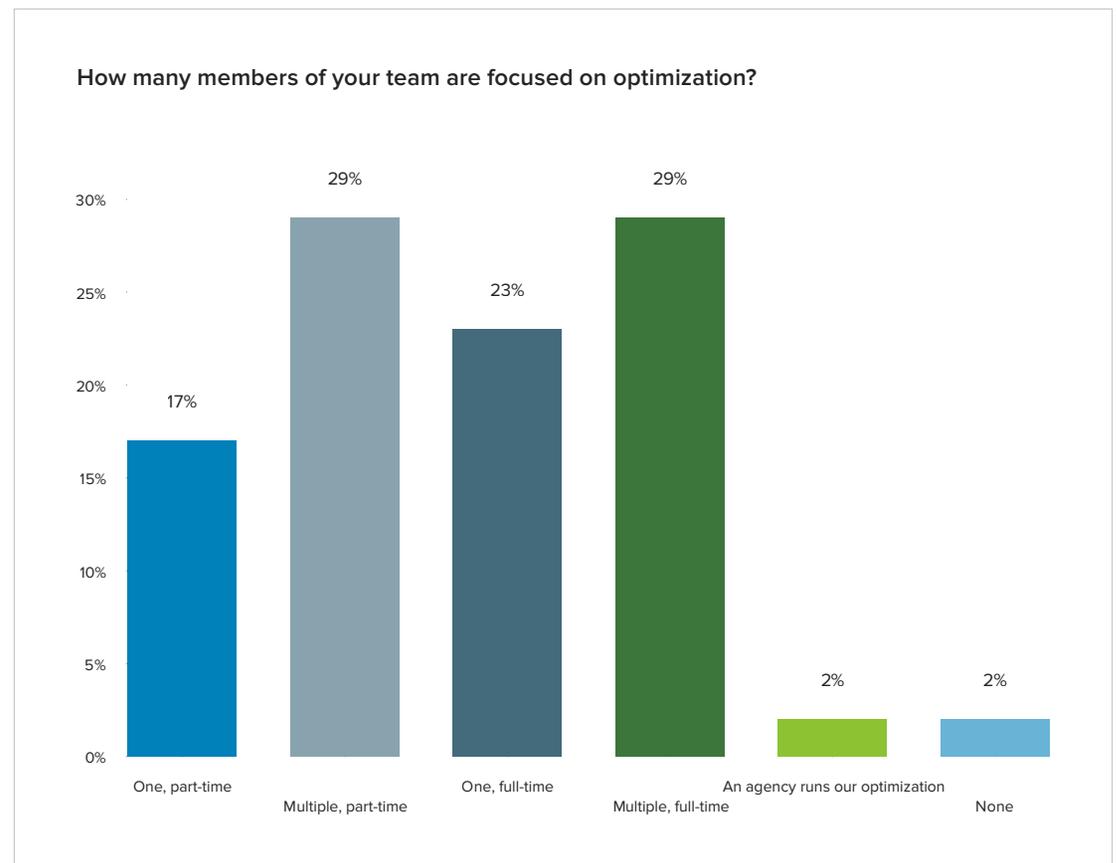
How Optimizers Build Their Teams

Human creativity, organization, and effort are essential for the success of optimization. Optimization technologies do not automate this process, nor should they. People are needed to generate ideas for what to optimize, when, and to manage and communicate the process of experimentation. But just how many, and in what teams? We asked our survey panelists to find out.

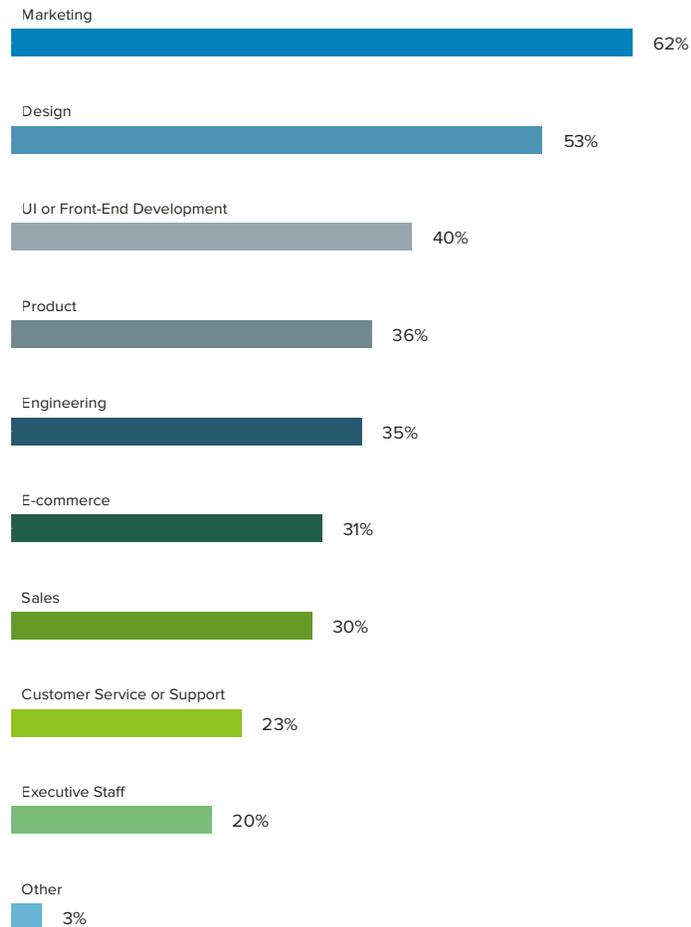
NUMBER OF TEAM MEMBERS DEVOTED TO OPTIMIZATION

Successful optimization programs require human resources to develop a testing roadmap, maintain a queue of ideas, set up and execute experiments, and conduct analysis on the results.

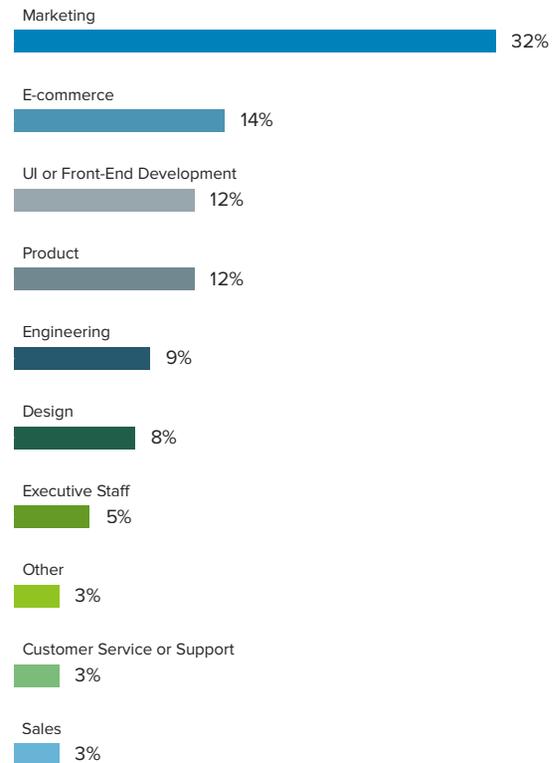
More than half of companies that conduct optimization (52% of survey respondents) have one or more dedicated employees assigned to the process. These program managers are often the central resource for organizing and conducting optimization, but they also draw on inputs from across their organization. Since



Which teams are INVOLVED in optimization at your company?



What team LEADS optimization at your company?



good ideas for what to optimize, as well as knowledge and understanding of the customer, can come from many departments and individuals, we wanted to know which teams are involved in optimization across the board.

TEAMS INVOLVED WITH AND LEADING OPTIMIZATION

When asked which teams participate in optimization, respondents indicated that a wide array of technical and non-technical teams are involved. 62% of respondents stated that marketing is involved with optimization, followed by a cascading portion of programs that involve design (53%), UI design and frontend development (40%), product (36%), engineering (35%), and an e-commerce team, if they have one (31%).

However, when asked to indicate which team is likely to lead optimization efforts across the company, 32% indicated it is their marketing team, making them the clear leader for housing the capability.

How Optimizers Manage Their Process

An optimization strategy is iterative and continuous, and requires a disciplined process and vision-oriented goals to drive meaningful business results. We asked optimizers about pacing, prioritization, and inputs for their experiments to better understand how they think about and execute their strategy.

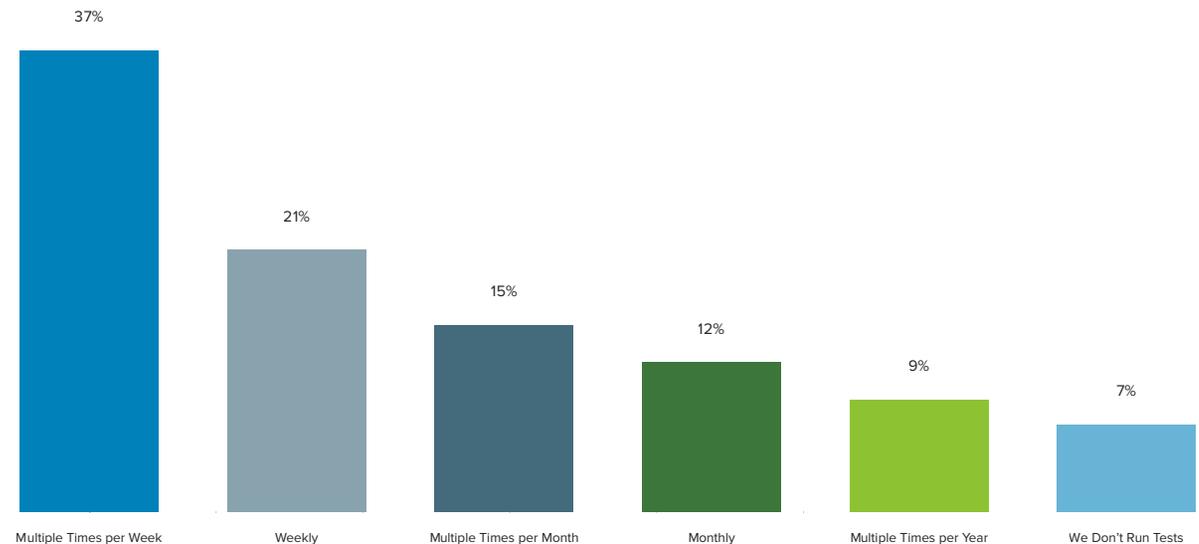
PACE OF EXPERIMENTATION

Digital channel owners that do optimize are running experiments frequently. The faster the pace of experimentation, the more opportunities there are for learning, conversion and revenue gains within an organization.

More than half (58%) of those surveyed run experiments on *at least* a weekly cadence.

Another quarter (27%) of respondents are working on a monthly or semi-monthly pace, with the remainder running experiments a handful of times a year, or not at all.

Approximately how often do you run A/B or multivariate tests to optimize your website, mobile app, or other digital channels?



INPUTS FOR OPTIMIZATION

Optimization does not occur in a vacuum. The more inputs are taken into account when designing experiments and structuring a broader program, the stronger and more comprehensive the program will become, with greater opportunity for influence and collaboration with other teams within a company.

When looking at the potential inputs for optimization, we found that 72% of those surveyed use analytics* to inform optimization, above all other tools and tactics.

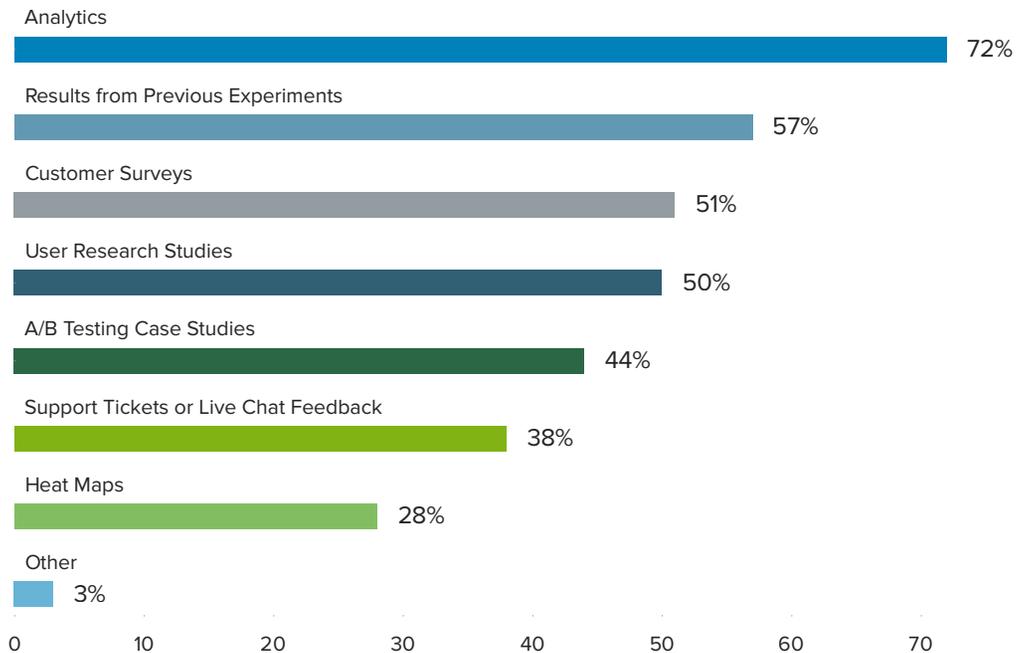
This confirms our longstanding belief that optimization enables companies to turn data into action.

Many of the other inputs for optimization bring qualitative data into the optimization process alongside quantitative data, in the form of surveys (51%), research studies (50%), support tickets (38%), or heat map tools (28%).

The use of inputs like “previous experiment results” or “industry case studies” speaks to the level of procedural discipline needed to optimize and grow organizational knowledge. Optimization organizations must learn from their own prior successes and failures, as well as the learnings of their industry peers, if they are going to succeed in building a long-term program.

*The ‘analytics’ umbrella could have been interpreted

Which of the following inform your optimization strategy?



to include a wide array of tools, from Google Analytics or other dedicated analytics software, to BI data, to the analytics reporting found in many optimization tools. Regardless, quantitative information from any source is data that can be acted upon via optimization.

72% of those surveyed use analytics* to inform optimization, above all other tools and tactics.

PRIORITIZING WHAT TO OPTIMIZE

Prioritizing what to optimize is an essential process that organizations must develop to ensure they are tracking towards their goals and making efficient use of the resources they have for optimization.

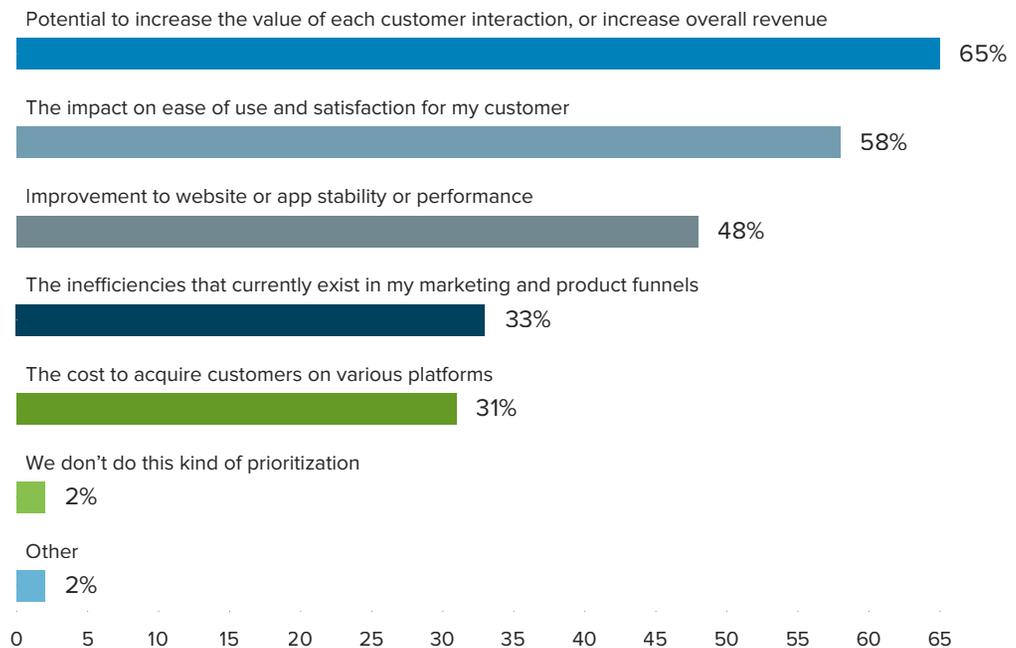
The top two prioritization techniques are very telling of why companies choose to optimize in the first place: an equivalent focus on improving the value of each interaction (65% of those surveyed), as well as improving ease of use and satisfaction for the customer (58% of those surveyed).

Even better? **Only 2% of optimizers do not prioritize what they should optimize, which shows a focus on discipline and process for the vast majority (98%) of companies running A/B and multivariate tests and experiments.**

Interestingly, the impact on ease of use and satisfaction for the customer is a prioritization method that rang true more for individual contributor level optimizers (68%) than for executives (51%).

This could be an indication that individuals closest to the customer experience are more sensitive to how customers feel about their engagement with the business. An executive might be more removed, focused on other metrics or stakeholders when

How do you prioritize which digital interactions with your customers require optimization?

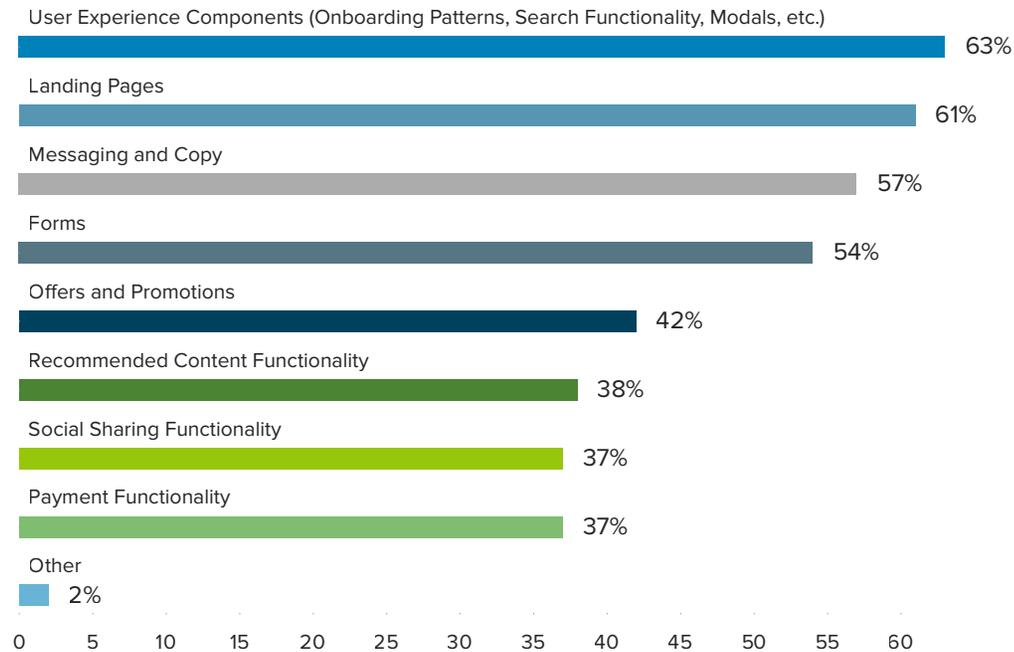


thinking about or designing customer experiences.

Optimization creates an experimental culture that allows for ideas of individual contributors, inspired by direct customer interaction, to surface and get tested. This ultimately drives a focus on customer needs and desires, and brings more creative ideas to the table.

Only 2% of optimizers do not prioritize what they should optimize, demonstrating a focus on discipline and process amongst the vast majority (98%) of companies testing.

What do you test when you are optimizing?



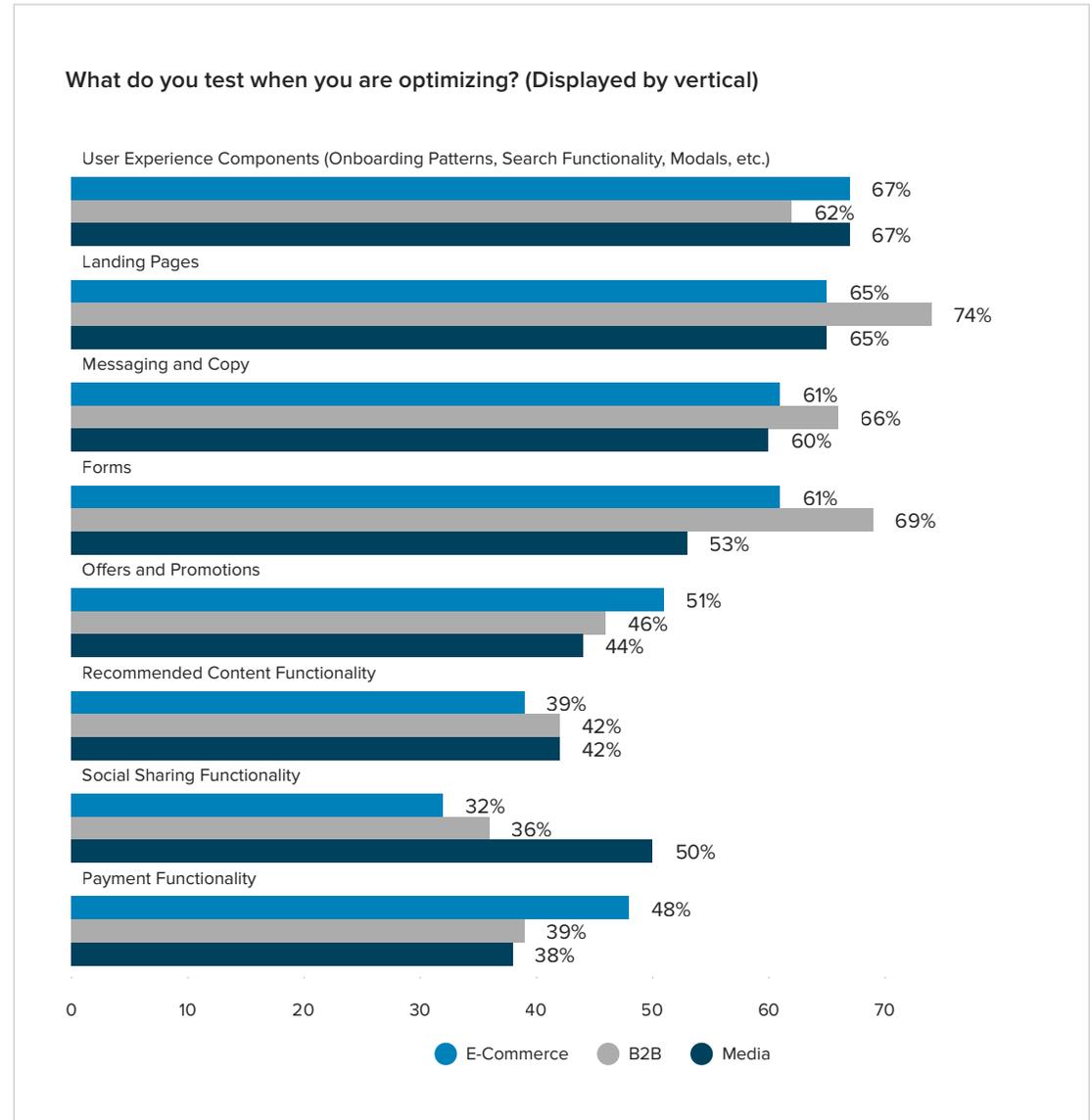
WHAT OPTIMIZERS TEST

When it comes down to what optimizers are actually conducting experiments on, the responses from our survey varied widely. Everything from user experience components to landing pages, payment, and social sharing functionality ranked for at least a one-third of participants. **The top three choices were user experience components (63%), landing pages (61%), and messaging and copy (57%), representing a wide array of experiment complexity.**

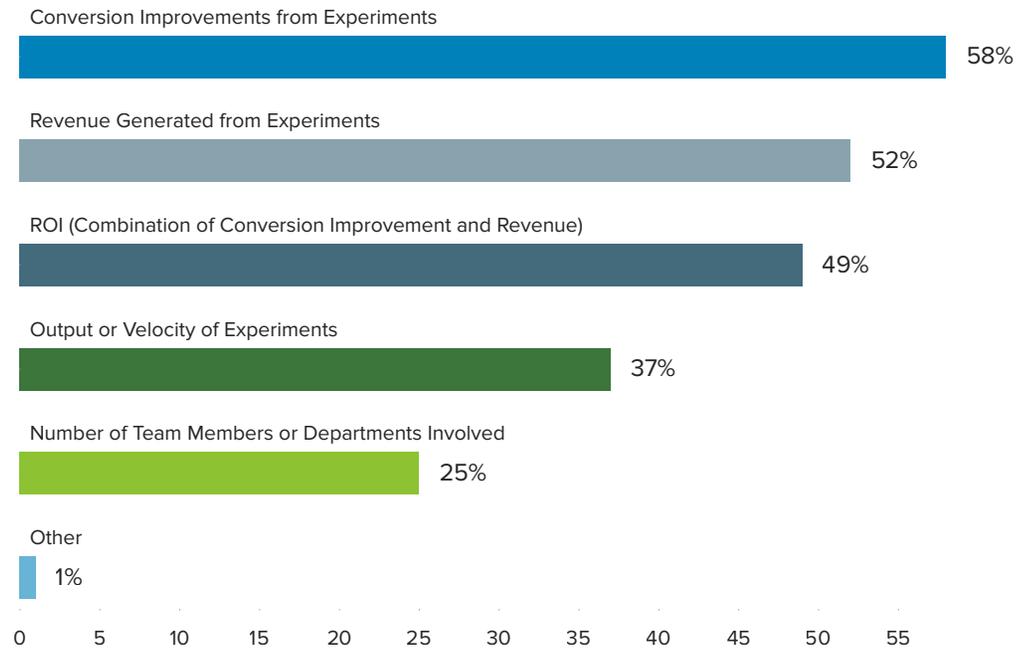
After segmenting these responses out by conversion goal, it became clear that different industries' websites and mobile apps lend themselves to different combinations of elements to test.

Engagement sites and apps were more focused on testing social sharing (50% of respondents), B2B sites with a lead goal were more likely to focus on optimizing landing pages (74%) and forms (66%), and transactional e-commerce websites were more likely to focus on testing offers and promotions (51%) and payments (48%).

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How do you measure the success of your optimization program?



MEASURING SUCCESS

After the research, prioritization, and execution of experiments has been completed, how do optimizers sum the value of their optimization efforts?

Although many teams tout the overall number of experiments they execute in a given timeframe, it actually was not the leading success metric that optimizers use, at only 37% of respondents.

The leading metrics that teams use to measure their success are cumulative conversion improvements (58% of those surveyed), and revenue generated from experiment improvements (52% of those surveyed).

What's Next for Optimization

While progress in the field of optimization has been substantial, there is still room for growth. We believe that optimization programs of the future will continue to evolve, and that they will each be as unique and diverse as the companies they represent.

We are also optimistic about how optimization will continue to impact the challenges that many marketers, product owners, and engineers face, and expect that optimization will give them greater confidence to face these challenges over time.

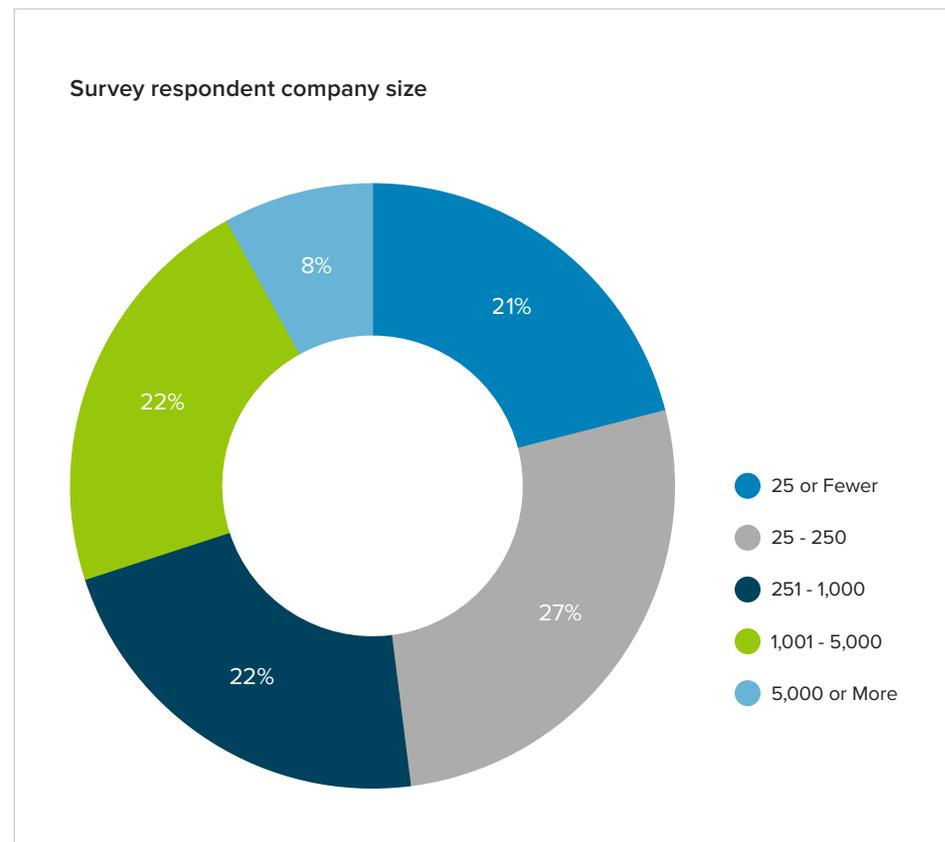
A focus on hiring or partnering with the right talent for optimization will be essential. At the same time, organizations should commit to learning best-in-class processes to support optimization while establishing a culture that relies on data to make decisions in pursuit of their ideal customer experience.

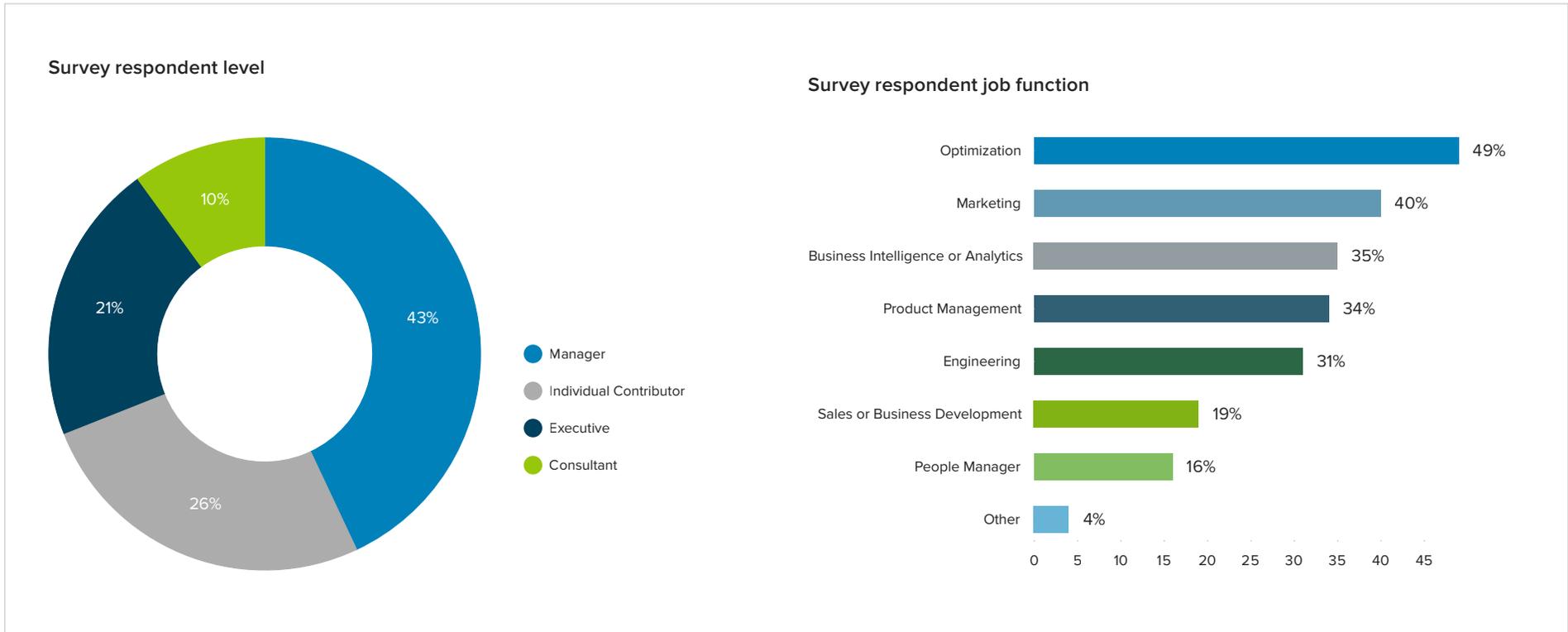
We look forward to asking these questions of digital channel owners again in the future, to gauge developments in the field of optimization over time. In the meantime, share your requests and feedback on industry research you would like to see in the future. With your help, we are looking forward to uncovering and understanding the changes in our industry.

Methodology and Audience Composition

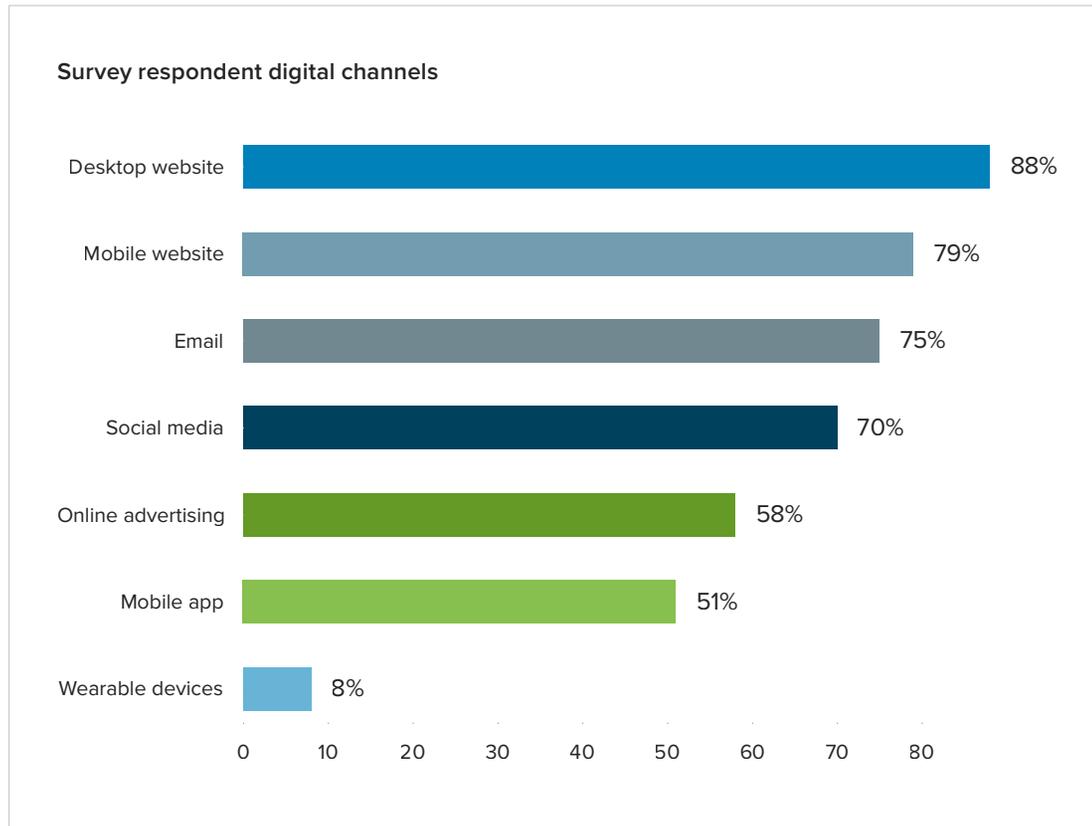
The goal of the research underlying the Optimization Benchmark report was to determine the current practices and attitudes towards optimization as a part of modern marketing, growth, product, and engineering organizations.

Third-party market research firm [Dimensional Research](#) invited individuals with responsibility for digital channels to participate in an online survey. A total of 417 qualified individuals participated. The respondents represent a diverse group of companies, departments, levels, and digital channels.





We've seen the tremendous rise in growth as both a function and a title within organizations that invest in optimization. **49% of respondents chose "Optimization" as a job function**, which included overlap with disciplines including business, marketing, and web titles.



The participants represent a wide array of digital marketing channels and customer touchpoints. When asked to choose their primary channel for engaging with their customer, desktop web emerged as the primary focus (54%), with mobile web (15%) and mobile apps (14%) and rounding out the top three channels.

**This distribution of primary digital channels is meant to reflect the qualifications of the respondents, not to reflect the market at large, since participants were invited to take the survey based on their expertise with the above channels.*

To learn more about Optimizely,
schedule a live demo today at
[OPTIMIZELY.COM/DEMO](https://www.optimizely.com/demo)

ABOUT OPTIMIZELY

Optimizely is the world's leading optimization platform, providing A/B testing, multivariate testing, and personalization for websites and iOS applications. The platform's ease of use empowers organizations to conceive of and run experiments that help them make better data-driven decisions. With targeting and segmentation using powerful real-time data, Optimizely meets the diverse needs of any business looking to deliver unique experiences to their visitors.

ABOUT THIS GUIDE

The Optimization Benchmark

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