
Grabbing Market Share: *Marketing In a Recession*



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INTRODUCTION

During a recession, many companies react defensively: they tighten their belts, and brace themselves for slower growth. It doesn't have to be that way.

Recession is an opportunity to gain market share. Make your marketing budget work smarter to deliver more sales (instead of simply working harder). Here's how.

GAIN MARKET SHARE

In a recession, most industries' total market size decreases. Money gets tight and fewer people are buying. Should you and your competition continue with the same marketing and sales plans, this would normally translate into fiercer competition for the fewer viable prospects that are left.

Fortunately for you, a fair percentage of your competitors will reduce their marketing budget during these hard times. So, even though there are fewer viable prospects, there are fewer companies actively marketing to them.

Success – and even survival – depends on effectively closing sales.

This makes the online math pretty simple: closing more sales with the same, or less, advertising means optimizing your website for higher conversion rates. If your website's conversion rate is higher, not only will you be more profitable, but your cost per sale will decrease – allowing you to funnel the money you save back into your marketing campaigns.

Here's an example to illustrate what we're talking about. Let's examine the case of Widgets-R-Us versus Widgets-4-You.

"I asked FutureNow to do a study of our website.... found something we had to fix immediately.... We fixed it that night, and saw an immediate 5% lift in our sales. Bryan and Jeffrey Eisenberg are #1 in the online conversion game and there is no #2."

- Patrick Byrne, CEO of Overstock.com

CONVERSION RATE OPTIMIZATION IS A POWERFUL LEVER

Both companies are in the same business (yes, selling widgets). They have similar sales volumes, an average order size of \$25 (AOS), and a customer conversion rate of 2.0 percent (C).

Both companies have set this year's marketing budget at \$5,000 a month, which they've determined will drive 20,000 new visitors (V) per month. Analyzing their numbers, both companies calculate that with a 2.0 percent customer conversion rate (C), 20,000 new visitors will generate \$10,000 in new business per month (SALES REVENUE GROWTH).

$$(V * C) * AOS = \text{SALES REVENUE GROWTH}$$

But, there is one crucial difference. The folks at Widgets-4-You happen to be regular readers of GrokDotCom and are planning to incorporate FutureNow's approach into their online sales tactics. Within the walls of their conference room, the movers and shakers at Widgets-4-You reach a crucial decision: Before they invest more money in their upcoming marketing campaign, they decide to invest some time, energy, and money improving their website's customer conversion rate. They make several important but simple alterations to their site, many based on the principles FutureNow recommends, and they are able, in surprisingly short order, to double their conversion rate from 2.0 percent to 4.0 percent. (Dear reader, a 100 percent improvement is not a fable. Many FutureNow clients have achieved that and more.)

So, over the course of 12 months, both companies spend \$60,000 to drive 240,000 new visitors. Here's how the results play out:

Traffic Campaign	Widgets-R-Us	Widgets-4-You
Investment	\$60,000	\$60,000
New Visitors	240,000	240,000
New Orders	4,800	9,600
Customer Acquisition Cost	\$12.50	\$6.25
New Sales	\$120,000	\$240,000

Widgets-4-You is ahead by \$120,000 in sales on exactly the same marketing budget! But the advantages over Widgets-R-Us don't stop there.

REDUCE CUSTOMER ACQUISITION COSTS

Look carefully at the chart. Widgets-4-You now spends only half the amount that Widgets-R-Us spends on customer acquisition. Also, the changes Widgets-4-You made in the online sales process have increased the customer conversion rate to 4.0 percent permanently (it's the gift that keeps on giving), while Widget-R-Us trudges on with its unimproved rate of 2.0 percent.

This an astonishing competitive advantage at any time, but the opportunity to grab additional market share through this strategy is even better during an economic downturn, when the competition is cutting back it's marketing spend.

A site that converts better will decrease cost per acquisition and, in turn, will increase ad spend efficiency – an efficiency that enables companies to pay for more traffic (whether to get more traffic or better-qualified traffic) and still come out ahead, with both more sales and higher profits. That means companies like Widgets-4-You can afford to continue their marketing spend during hard times, allowing them to grab market share.

During a recession it's clear that smart companies can't afford not to improve their conversions. If budgets are tight then it's imperative to re-allocate funds being spent in other areas to instead be focused increasing conversions.

But does improving a website's conversion rate still work when the improvement isn't so large as Widgets-4-You's? Let's take another look.

THE COST OF NOT IMPROVING YOUR CONVERSION RATE

Let's suppose your site draws 100,000 unique visitors per month and you have an average conversion rate of 2.5 percent. If your average sale is \$50, then you gross about \$125,000 a month. Let's also say that after some optimization work and a couple tests, you increase your overall conversion rate by just 10 percent (a very achievable goal), and your conversion rate is now 2.75 percent. Your monthly gross is now \$137,500. The incremental annualized revenue realized is \$150,000 more than where you were!

Imagine if you do nothing. How much money are you leaving on the table?

CONVERSION RATE AND CUSTOMER ENGAGEMENT & WORD OF MOUTH

Even in the likely scenario that your traffic costs inch up, you're still growing and riding the curve instead of falling below it.

But there's even more benefit to the conversion picture than the calculations we've done so far, as these calculations totally neglect Word of Mouth and repeat business.

When a company improves their online conversion rate, not only do they:

1. Get more sales from their existing traffic, and
2. Lower their customer acquisition cost.

But they will also:

3. Increase their customer retention rate,
4. Raise their customer lifetime value, and
5. Make all of these effects permanent, so that they outlive any particular marketing program or economic climate.

So what are the steps to increasing your website's conversion rate? Here are three steps you can take to improve your conversion rate and make your online marketing recession proof:

1. Turn your analytics into customer insight. It's not enough to just get reports. Each click is an action taken by a real person. Learn why your customers do what they do on your site, and learn which information can be correlated and which cannot.

2. Turn your insight into action. If customers leave your site or landing pages, gain insight as to why, then test variations to confirm or refute your insight based on step one. Build a testing and optimization culture within your company so you are continuously improving.
3. Rinse and repeat.

ARE YOU ASKING THE "BIG 3" QUESTIONS?

Taking a closer look at this process, FutureNow always refers back to the "Big 3" Questions:

1. Who are we trying to persuade?
2. What action(s) do we want them to take?
3. What do they need to see and find to be confident to take that action?

Answering these questions is essential for understanding how to optimize and plan for visitor intent, and for figuring out what works and how to duplicate it. A great example of this is the evolution of Amazon's "add to cart" strategy.

This evolution reflects increasingly better attention to the customer's intentions (improved, visible and usable buttons in prominent positions) and reflects a tie-in with Amazon's overall strategy. Can you see how each of the Big 3 Questions is answered in Amazon's strategy?



Rest assured, this process didn't happen without a cycle of optimization, testing, and customer insight all focused on improving conversion rate.

PAY PER CONVERSATION, NOT PAY PER CLICK.

We recently searched for "pink roses." The results page looked promising, with several relevant ads and organic listings. Sadly, we had to click through three ads and the top organic listing before we landed on a page that actually included a prominent image of pink roses. This is the result of a traffic mentality rather than a conversion mentality. Marketers are experts at directing traffic to the front door, but often lack the insight and planning to get visitors to the products and then to the register. This results from failing to plan and optimize in terms of the 3 Questions.

Conversion doesn't end at click-through, conversion begins at click-through.

Here's how to ensure your website's conversations lead to more closed sales:

- Invest in a system for content planning and optimization. You can get real results quickly, easily, and cheaply with tools like Google Website Optimizer.
- Take more time planning experiences for how people gather information and make decisions. Don't take your content lightly or your customer will click the back button. And, pay particular attention to bridging gaps between your PPC prospecting and your website's sales conversation. If you advertise pink roses, then take your visitors to a page with pink roses!
- Partner with FutureNow and gain from our acknowledged authority in increasing conversion rates.

CONTINUOUS IMPROVEMENT GETS RESULTS

The choice is yours. You can just accept slow or stagnant growth. Or you can have better conversations and increase sales, leads, subscriptions, etc..., even in the midst of a recession! You will be the one grabbing your competitor's market share.

What kind of results can you get from better planning, testing and optimization?

Patrick Sullivan and his team at Jigsaw Health faced a common challenge.

Just as Jigsaw Health wants its customers to be secure with their health decisions, the company wants to be secure in its own business decisions. Traffic at the company's site had always been robust and easy to track. But conversion rates, and what affected them, were more mysterious. Sullivan and Director of Marketing, James Windrow, were dissatisfied with site conversion data and wanted to identify the reasons that some visitors became customers and others left. As Windrow observes, "Increasing conversions is our biggest goal. Why did visitors leave?" Figuring out which parts of the site worked and which didn't was a step in determining the answers.

Jigsaw Health partnered with FutureNow and used Google Website Optimizer to gain concrete feedback on which elements were working on the site. By changing the look and flow of the site based on that feedback, in just a few months, Jigsaw Health increased its conversions by 60%.

Previously, the company's cost per acquisition (CPA) ran anywhere from \$150 to \$300 per month. By using Google Website Optimizer and making adjustments to Google AdWords™ campaigns, Jigsaw Health reduced the CPA from \$150 to \$300 down to less than \$40. The company hopes to further capitalize on this kind of testing and optimization for even more savings and sales success down the road.

If you'd like to know more about how FutureNow can help you stretch your marketing dollars in these difficult economic times, please contact us. Many of our clients have recovered their investments within a few months. We're focused on continuous and permanent improvements to your revenue. We want to help you.

A CLIENT CASE STUDY: YOU COULD BE NEXT

Acceller (formerly BuyTelco) has been a reference client of ours for the past 4 years. In that time, we've been fortunate to see BuyTelco.com become one of America's top resources to compare Cable, DSL and High-Speed Internet options. But today, we're especially proud of Acceller because they've been named #54 on the "Inc. 500" list, with 2,250% growth. (The Inc. 500 ranks top U.S. companies based on growth acceleration for the last few years.)

Acceller CEO Steve McKean is happy to point out that "the Inc. 500 list looks at 4 years of data, and that you can correlate Acceller's work with Future Now to that growth." While we do appreciate the compliment, we correlate their success to Steve's vision as CEO; a relentless focus on execution, the customer experience, and commitment to ongoing improvement.

ABOUT FUTURENOW

Driven by the question "Why do people do what they do?" the team at FutureNow, helps business-to business and business-to consumer companies market better on-line every day. FutureNow helps marketers to better understand their customers and convert that insight into actionable recommendations that drive profits.

Founded in 1998 by Bryan and Jeffrey Eisenberg, FutureNow, Inc. (OTCBB: FUTR.OB) is a New York City based interactive marketing optimization firm. FutureNow, Inc. is recognized as the leading voice for increasing online conversion rates, accountable multi-channel marketing and web analytics.

No matter your goals, your budget, or your experience in marketing optimization you can utilize FutureNow to help you market better. FutureNow offers consulting to put an expert in your corner, training to build your expertise, and software to simplify the process. All our services are built to provide you with a measurable ROI.

To find out how we can help you, call us at 1-877-643-7244 or visit us at <http://www.futurenowinc.com> .