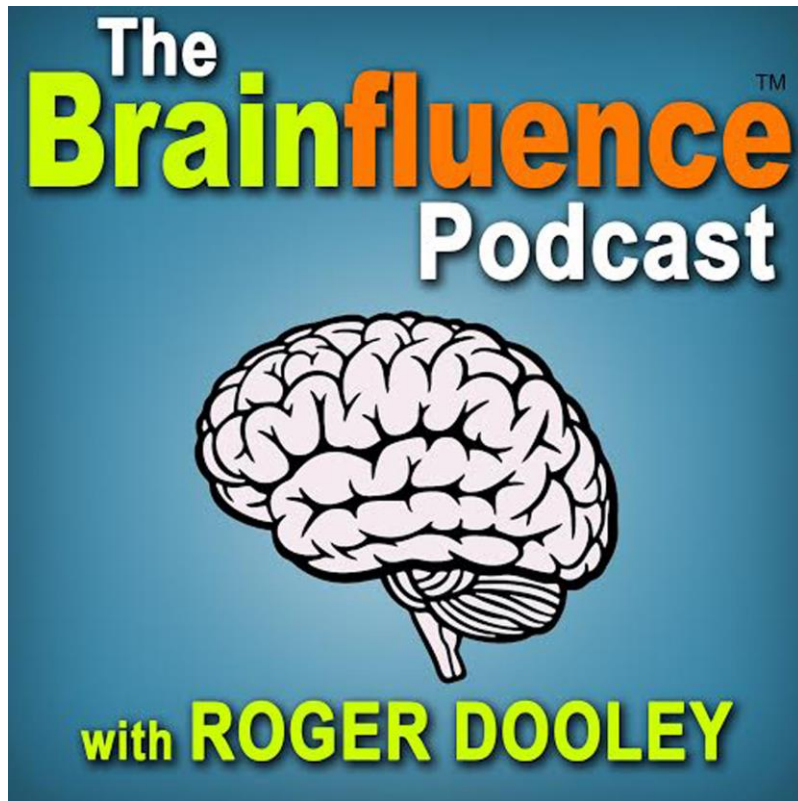


Ep #108: The Growth Strategy You Shouldn't Ignore



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Roger Dooley

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Welcome to *The Brainfluence Podcast* with Roger Dooley, author, speaker and educator on neuromarketing and the psychology of persuasion. Every week, we talk with thought leaders that will help you improve your influence with factual evidence and concrete research. Introducing your host, Roger Dooley.

Roger Dooley: Welcome to *The Brainfluence Podcast*. I'm Roger Dooley. Our guest this week will be of particular interest to our listeners who are trying to improve their results on the web, on mobile devices, and in apps. He's one of the UK's top experts in conversion optimization and developed the Growth Methodology focusing on user research and psychology.

He's worked for clients like The North Face and Skyscanner and is an international speaker, writer, and trainer. He's the founder of the PRWD agency and has just published a new ebook, *A Story of Untapped Potential: The Growth Strategy That's Being Ignored*. Welcome to the show, Paul Rouke.

Paul Rouke: Hi, Roger. Thank you very much for the introduction.

Roger Dooley: Great, it's nice to have you finally on the podcast, Paul. We met I think the first time at André Morys' Conversion Summit in Frankfurt a few years ago. I'm curious, do you think the optimization industry has changed much since then?

Paul Rouke: I think so that was nearly two years ago and I will probably say that the biggest change that I've seen in the last two years is the proliferation and the investment made by businesses in the tools and

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technology around A/B testing, optimization, personalization.

Now, that's a good thing in some sense in that there's investment being made in this area. But you'll see what I've missed out there is the same level of investment isn't being made in people and in skills and in methodology and process around optimization.

So, yeah, there's a lot more money being spent in the last two years but we are nowhere near at the kind of the maturity of the industry in terms of from an intelligent optimization perspective.

Roger Dooley:

Okay. That leads me to my next question because your title on this little ebook is kind of a negative title in a way. It talks about untapped potential and a growth strategy that's being ignored. You know, it seems like you hear a lot about CRO these days but I guess what you're saying is well maybe even though it's being ignored a little bit less there's still a long way to go?

Paul Rouke:

Yeah, there really is. There's certainly alongside more and more money being spent, invested in the tools and technology, certainly another big change recently in the last year or so is the number of agencies jumping on the bandwagon for conversion optimization. So this is a full spectrum of agencies from search engine optimization agencies to full service digital agencies all the way through to the big global media agencies.

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So they're all getting on the bandwagon. They're all offering conversion optimization services. The quality and the intelligence behind the services they're offering is in our experience having such a negative impact on the maturity of the industry. So, yeah, we're fighting a battle.

I think the people like yourself and people that are featured in—the kind of global thought leaders—we're all trying to champion how to do this the right way, how to do this intelligently. But there's a huge army of agencies and service providers coming up behind us offering conversion optimization but with very limited and very poor understanding and appreciation of how to do this properly and intelligently.

Roger Dooley:

This reminds me a lot of the SEO industry. I was involved in SEO back starting in the late 90s and it seemed like that industry went through the same kind of growth curve where suddenly anybody who could sort of design a website began offering SEO services and the results were predictably bad.

Particularly, I wouldn't say that conversion optimization is easier than SEO but there's a little bit more known about it, the science is a little bit better and you don't have these giant opponents like Google that are constantly changing the rules.

But nevertheless it was the same sort of thing where for clients, end user companies, who were just trying to get better results, it can be very difficult for them to distinguish between multiple firms that say, "Oh yeah, we do CRO" or "we do SEO" to

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know who really knows what they're doing and who picked up "CRO For Dummies" last week.

Paul Rouke:

Yeah and I've got to admit I've worked at PRWD for eleven to twelve years now so I've not been obviously working on the client side but I can kind of imagine it. It's a bit of a minefield out there, there's so much content being pushed out there. There's guides, there's hacks, there's "50 Things to Test Right Now." There's all this kind of content which is almost painting A/B testing and optimization as very tactical and just lots of quick fixes, lots of easy opportunities.

There's still a huge misconception amongst many senior business leaders, decision makers, that optimization and A/B testing is primarily about the intricacies of buttons and tweaking pages and just the nuances of design rather than this much broader strategic understanding of optimization. So yeah, I don't envy from a client's perspective to try and work your way through the massive content and the massive noise around optimization.

It probably is quite a minefield which in one way as one agency we're trying to help educate and to inform decision makers as to these are the things you should be looking for. Or in the case of the book, these are the mistakes for your business not to make that are being witnessed and experienced time and time again by myself and other practitioners and like yourself, Roger, who've been working with businesses for many years to know how to do this the right way.

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Roger Dooley: Paul, one of the contributors is my friend and fellow Austinite Brian Massey. He makes the point that just calling it CRO or conversion rate optimization is inherently kind of limiting and that maybe that's part of the problem because it does sort of imply it's kind of a limited scope where okay somebody is clicking on a link arriving at your landing page or you know whatever.

And you have this very narrow goal of getting them to click the buy button or to give up their information or whatever the site's objective is. Do you think that's the case? Is that part of the problem that it's sort of pigeon-holed in organizations?

Paul Rouke: Yeah. It definitely is pigeon-holed, it's so often done in silo, without giving any real attention or focus for a business. But I very much agree with what Brian was saying in the book that the three letter acronym CRO is really damaging because ultimately it's not always about conversion or conversion rates.

It could be about the average order value. So we can reduce conversion rate, increase average order value, get people to spend more money. We've got more revenue and more profit at the end of the funnel. So it's inherently flawed in that sense that it's too narrow.

Then just by calling it optimization which in one sense when you talk about optimizing, that sounds like you're just fine tuning something, you're just trying to get a bit more out of it. What we talk about and the three letter acronym that I've been presenting on and looking to build a source of

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momentum up is CBG, which stands for Continuous Business Growth.

So a few things there which are different to conversion rate optimization is that having “continuous” in the acronym is trying to really underline that this should be a continuous process. This isn't just a tap you turn on and off. So that's the continuous part.

Then continuous business growth, ultimately this is what optimization is about. It should be about business growth. It's not just about tweaking websites and just getting a few little percentage out at the backend and just having it be done in silo. This should be a growth strategy for businesses. Unfortunately, we're many years away from that being the reality for the majority of companies across the world.

Roger Dooley:

Yeah, what you're describing, Paul, sounds a lot like the Japanese approach of kaizen, incremental improvement that's driven heavily by measurement. That of course became really popular in manufacturing companies starting in the automotive industry but then really moving through a lot of companies where it rarely involves completely redesigning a process or changing out the plant for an entirely new plant.

But rather making a lot of small changes driven by numbers that end up overall creating huge improvement. I mean occasionally those numbers may point to a big change that's needed but more

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often than not, these are incremental changes. To me that's a lot like what you're suggesting.

Paul Rouke:

Yeah, I think definitely where business like Skyscanner are, where Booking.com are, Shop Direct, kind of Netflix, some of the real kind of leading, huge businesses out there. They're definitely at that stage of running experiments on a huge scale.

They're often sacrificing having a high test success rate for just having so many tests running through their business through their online experience as they start to build up the incremental gains. The benefit for them commercially warrants the fact that they're running 100, 150 tests per month. So that really suits the kind of continuous kaizen incremental improvement.

The businesses that we're typically working with, and these are from big, huge companies down to like mid-tier size businesses, there's still fundamental foundations that need to be put in place. We talk a lot about quality then quantity. One of the metrics with this in particular is about the number of tests.

We're trying to advocate and really underline the importance of focusing on the quality of hypotheses and the quality of tests first of all and having a high test success rate before you scale up and before you're running lots and lots of like incremental micro experiments.

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Because of course, you need more traffic for that as well. You need more traffic. You need more conversions. So the high velocity of running lots of tests per month isn't for every business at all. But what is for every business should be about getting real intelligence and quality behind the hypotheses.

Roger Dooley:

Right, you can't disagree with that. Although obviously if you've got the scale like an Amazon or somebody then you can pull it off but I could see smaller businesses getting just too distracted by trying to do too much all at once.

I think something else that can happen maybe if you're doing too many tests and not running tests for long enough is referenced by our mutual friend André Morys in your little book. He thinks that 90 percent of optimization results are a lie. At first glance you say well that sounds fairly preposterous but his point is that humans are subject to confirmation bias. That is, we reject information that doesn't agree with our beliefs and we actively seek out information that does agree with them.

Right now we're going through a presidential campaign in the US as you may have heard across the pond and it's impossible to change the mind of most voters in part because of that. You can prove that their candidate is making misstatements and doesn't really matter because they reject that as some sort of hype or distortion because it doesn't agree with their beliefs. It's not something that's specific to one party or another it's just human nature.

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Where that enters into the CRO process is that when an optimizer sees a result, says, "Wow, I thought the red button would convert better and by golly I tested it and within three days, wow, it's really performing great. So we're just going to switch to the red button because I knew that was going to work." And André's point is that you really need to let these tests run for a while to be sure that in fact that result is going to hold up over time.

Paul Rouke:

Yeah, I think I remember a story very well two or three years ago and we were using an optimizer to run a test. It's before they realized and understood that they needed to be a lot stricter on their alerts going out to their clients using the platform. It was literally within a few hours of the test went live. It was on quite a high traffic, high conversion site. The variation within a few hours had got substantially more conversions than the control version.

We got an email through to say, "We have a winner." You know, like congratulations, you've found your winner. Now this was probably about three years ago so the tools have come a long way. They're a lot stricter, they're using stronger methods for kind of analyzing test results and the whole statistical confidence and the power rating and things. The tools having really tightened up.

But what that doesn't mean is that the practitioners working within agencies that are suddenly starting to offer conversion optimization, do they really understand statistical significance and confidence levels and power ratings to know truly when a test has reached the right level and that you can

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accurately predict that yeah, this is a winning version? This is a kind of conversion impact we can expect to have. So again, there's a big gap between the intelligence and the appreciation of statistics.

So yeah, what André says is very much is what we see when we see what goes on with other providers of conversion optimization services.

Roger Dooley:

Yeah, Paul, I don't do nearly as much testing as folks in agencies like yours but even in my own little tests, I see a sort of a reversion to the mean where I try something different and it looks like it's really performing well right out of the gate but if you let it run over time, it may still perform but the control and the tests tend to grow closer and closer.

I'm thinking that beyond just the statistics that obviously when you don't have a lot of data you could have a high number, a low number, it just isn't fully meaningful yet. But also, sometimes when you change something, anything, particularly if you have repeat traffic, that will produce a temporary lift.

So if people have been seeing a red buy button for years and suddenly you switch it to an orange buy button or a green buy button, maybe that will produce a little lift because even subconsciously it will somehow look different and get their attention a little bit more but you know eventually that novelty effect will wear off.

Paul Rouke:

Yeah. I think we've seen tests, well I suppose just to put it out there for the record, we've been actually actively running A/B tests for our clients for

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probably, I think it's all of five years now. Prior to that, we've always had our roots in user research and understanding user behavior but the last five or six years is where we moved into continuous optimization.

To date, since we started testing as yet we haven't ever run a button color test. We've run tests on buttons but around the wording of the buttons, the wording used underneath a button for instance, to kind of support that decision. But like joking apart, just with you mentioning about button colors...

Roger Dooley:

Right. I probably should have chosen a better example because everybody jokes about button colors in the CRO business like, "Wow, that's a test we have to run." When in fact, it's typically a relatively minimal effect.

Paul Rouke:

Yeah, but no, as you described, running other types of tests with obviously a strong hypothesis, lots of consumer insight. Like fairly often we can see like at the end of week one of a test period that maybe the control is outperforming the variation but then in week two things kind of move around and actually sometimes flip almost on the head.

There is an example of why it not just about the numbers running through the test from a conversion point of view but the length of time as well you let that test run. So yeah, absolutely, it's a lesson learned or it's certainly a key lesson for people that are starting out on that journey to test to be very wary of what can happen a bit further down the line as the test continues to run.

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Roger Dooley:

Yeah, I know I came out of the direct mail business. I spent quite a bit of time running a company doing catalog marketing. We did a lot of testing, a little bit of A/B testing which you can do in paper but it's a little bit more difficult to say the least. But we did a lot of mailing list testing where we would want to mail to lists belonging to other companies and so we would test five or ten thousand names which is considered to be a statistically significant sample.

When we chose the better performing list to mail to it was pretty rare that if we mailed then to say 50,000 or 100,000 names from that list that that larger group would perform as well as the smaller test panel did. Of course there was a selection process involved too because we wouldn't select the average performers, we'd select the outliers that performed really well. It's possible that part of that outlier effect was just a random statistical effect that caused it to sort of pop up and then be selected for a bigger mailing.

So, yeah, it's not a new thing and you have to really kind of go beyond the statistics sometimes and use good judgment. In fact, we saw one of our competitors go out of business for presumably lack of testing where they mailed to. They spent a significant amount of their capital in mailing to a huge list that they thought was going to rocket them to the next level and instead it pretty much rocketed them into bankruptcy because it didn't work at all.

Another one of your smart contributors, and by the way, Paul, thanks for including me in such an august group of people. But it's yet another

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Austinite and friend Bryan Eisenberg. He talks about Amazon Prime customers converting 74 percent of the time versus 13 percent of non-Prime members and an average of 3 percent for general ecommerce retailers.

He sort of rhetorically asks why is there a 2200 percent difference. He points out that their copy isn't 22 times better. Their design isn't. Their prices aren't better. But he says that their goal is to be the most customer-centric company on Earth which is certainly a good goal and it's working for them. What do you think some of the things are that Amazon is doing right?

Paul Rouke:

This is really interesting in terms of with the book, with the 17 contributors all together, and what I've been able to do having gained all the insights from the likes of Brian, yourself, Peep, André, is to basically there's been key themes identified. One of the three or four key themes as to why businesses aren't growing like Amazon or just they're not growing through optimization is a genuine lack of true consumer behavior and motivational insight.

So what I mean by that is so Amazon, their stated goal is to be the most customer-centric company on Earth. So many companies now say that we're customer-centric, the customer is king, customer experience is core to our business, we're going to put the customers at the heart of our organization. Now, I talk in the book around lots of companies talking the talk and not walking the walk.

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It's so easy to say we're a customer-centric business, customer-centricity is key to us. Actually delivering on that and actually getting under the skin and the surface of user behavior and people's perception of your brand and how they react and how they're motivated with your online experience, that's a completely different thing to just saying we're customer-centric.

What Amazon has always done is they've developed and delivered for instance just on their service proposition, their delivery proposition, their delivery flexibility, they focused on what is most important for customers: obviously price, convenience, range of product. But then the delivery and the service proposition. So they've made that crucial to their service proposition and they continue to reap the benefits of that.

So, yeah, they're a great example and obviously like a global leader in being customer-centric and they're not having to rip open, they're not redesigning their website to anything crazy or anything really clever. They just incrementally optimize their experience but with a core foundation of knowing that what they're developing strategically is with their customers in mind. What do the customers want and we'll give customers what they want, whether it's again, convenience, availability, price.

Then fantastic for them to have Prime, when they introduced Prime and the impact that had on their kind of retention rate and their kind of lifetime order value. Because people were paying for Prime but

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then they were going to keep going back to Amazon because they want to get the benefit of getting the free delivery on Prime. So yeah, extremely intelligent business, every credit.

It might just be worth me mentioning at this stage now, so we're planning the follow-up to our current book which we just published, which as you say is kind of a negative, the title is negative, *A Story of Untapped Potential: The Growth Strategy That's Being Ignored*.

Roger Dooley: Let's call it provocative, Paul, let's not use negative, let's say provocative.

Paul Rouke: So yeah, but we thought it would be good to actually, yes, let's look on the other side of the coin. It's not all about missed opportunities. So our follow-up book which we're currently planning is going to be the reverse of the title.

So it's going to be *A Story of Tapped Potential: The Growth Strategy That's Being Embraced*. We're planning to feature brands like Amazon, like Expedia, like Booking.com and for them to share a little bit about how they instill this customer-centric strategic decision within their business, like running through their DNA. And how they've really embraced a test and learn culture to kind of drive their business forward.

I'm sure our new book will probably feature brands like Airbnb and Uber as well. The kind of agile, the disrupters to the marketplace. I think Amazon, a great example of the importance of being customer-

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centric and actually walking the walk as well not just talking the talk.

Roger Dooley:

Yeah, one of my focus points lately has been the concept of friction. I've been researching that and spending quite a bit of time thinking about it. I think that one thing that Amazon has done that's brilliant is pretty much eliminated friction in their ordering process. I don't know how many times I've thought about buying something from another site because the price is a little bit better or for some other reason.

But at Amazon, it was so easy to click one button knowing that the correct credit card will be charged, the product would ship to the correct address, that it would take exactly two days to get there. All it takes is one little click compared to having to perhaps fill out my shipping and billing information on another website. I dig my credit card out of my pocket because they ask for that little verification number that isn't stored anywhere. If you have enough credit cards too, it's hard to memorize them all. So it's just so much easier.

Even when Amazon in the states, sales tax is calculated by each state, so you have these weird anomalies where some vendors may charge you sales tax and other online vendors won't, depending on whether they have facilities within that state. When Amazon opened up some big warehouses and worked a deal with the state of Texas that they would charge sales tax, I assumed that my behavior would change because that's an 8 percent penalty.

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In fact, my behavior really didn't change much at all because of that. For me at least, the reliability and the difference in friction more than offset that price difference. And of course, they're very competitive anyway.

Paul Rouke:

Yeah, I think just to summarize in terms of the speed at which, certainly if you're a logged in returning visitor, the speed at which they allow you to find what you need, add to basket, or just purchase in one click.

Then and I'm sure you use your mobile device as well and the Amazon app is, a lot of what they do is very much about removing friction, just trying to make that path to purchase as smooth and as barrier free as possible. So yeah, lots of businesses can take and learn from Amazon, absolutely.

Roger Dooley:

Yeah, Paul, I think one of the big technology changes that enabled CRO to become far more widespread was the introduction of software that will let you embed a simple code like a script code one time in a website. Then folks in the marketing department or elsewhere in the company could make changes and initiate their own tests without having to go through the IT department or go through an external web design agency.

Is there anything coming down the pike that you see that's exciting from a technology standpoint?

Paul Rouke:

Well just to pick up on that is something which on the surface as you say when the tools like Optimizely or VWO when they started pushing out

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their marketing messages a few years ago, it's the simplest A/B testing tool in the world. Like you say, one line of code then you just do everything. You don't need to worry your developers.

The ironic thing there is that as businesses and the businesses we're working with, we run tests on three different levels. We run iterative tests like simple iterative tests which typically can be done through the tool and through the coding through the testing platform.

We also kind of next level up from that is more kind of innovative tests which are bigger, bolder changes, potentially pairs redesigns. Then the third level is strategic testing where we're testing typically the value proposition of a business, testing potential things that will change like maybe the direction of the business almost or the kind of customers they target.

Now as soon as you move away from iterative, simple testing, you need developers. You either need your internal developers or your agency or who you build a platform to provide technical support to allow you to do more intelligent tests. So it's a very damaging thing for businesses to think that testing is so simple, we'll give our developers one line of code and then we never need to bother them or worry them.

The biggest successes we've had and something that's core to long-term optimization is the development team being bought into optimization. So it isn't just a put this one line in and then you get

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on with your feature's functionality over there and we'll do testing over here. So sorry, I realize I'm kind of ranting a little bit but I'm very passionate about some of the things that dumbs the industry.

Roger Dooley: Well that's a great point and something that I've seen...

Paul Rouke: Sorry.

Roger Dooley: No, I think you make a good point that if you can get that buy in, and actually that's true not just in optimization but really in many aspects. If the development team can be working closely with the marketing team and with other stakeholders, you're going to get better results across the board I think.

But you know, Chris Goward in your book talks about silos and all too often I see these IT departments where the website has been assigned to the IT group for maintenance and changes and they've got their development teams and they've got a product roadmap going out 6 months or 12 months or 24 months and basically somebody comes in and says, "Hey we'd like to test this thing" and it's, "Yeah, okay, well, we're tied up for the next three and half months but I think we can squeeze you in then."

Of course, it's totally counterproductive and this is why I think you have the Optimizelys and other tools spring up. But you make a good point that you can't test everything without getting some developer buy in.

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So let me remind our listeners that we are speaking with Paul Rouke, conversion expert and founder of the PRWD agency. Paul, how can our listeners find you and your content online?

Paul Rouke: Yeah, probably the most up to date will be my Twitter so @PaulRouke which is R-O-U-K-E. For the book itself, we have a Twitter hashtag that we've started to use which is #GrowthLeaders and that's a capital G, capital L. The same Growth Leaders is also on a Bitly link so bit.ly/GrowthLeaders is access into the book on Amazon.

So yeah, I'd recommend listeners maybe to have a look at me on LinkedIn or Twitter. Our company is @PRWD on Twitter so that's where we're posting regularly on a daily basis with latest news, insight, interviews and podcasts and things like that.

Roger Dooley: Right. We'll have links to all of those places on the show notes page at RogerDooley.com/Podcast. We'll have a text version of our conversation there as well. Paul, thanks for being on the show.

Paul Rouke: Yeah, great. Thank you very much for the invite, Roger, and thanks for contributing to our book as well, much appreciated.

Roger Dooley: My pleasure, glad to be part of that, such a great group.

Paul Rouke: Yes, thank you very much. Thanks, Roger.

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Thank you for joining me for this episode of *The Brainfluence Podcast*. To continue the discussion and to find your own path to brainy success, please visit us at RogerDooley.com.