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**The progression of testing within retail eCommerce**

The extinction of the split test and the adaptation of multivariate

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**Executive Overview**

There are two things that every eCommerce business should strive to achieve. First is the act of increasing conversion, or otherwise defined as the ability to turn a higher percentage of browsers into buyers. Second is the goal of optimizing marketing spend, i.e. driving higher rates of return from existing advertising dollars being spent.

These two areas are absolutely what eCommerce business managers should be spending their time on as both functions are of monumental importance to the success of an eCommerce venture.

The most consistent way to increase these two key metrics and grow an eCommerce business is through continuous testing. By testing variations of web pages and by achieving slight increases in efficiency, an eCommerce business is able to generate substantial incremental profits.

***Testing is fundamental to selling direct***

Success in eCommerce is achieved when retailers “beat their control”. The term “beat your control” has been used in the direct marketing world for decades and is a tactic that describes the continuous testing and optimization of content, copy, and page layout to profitably grow sales.

What a direct marketer strives for with testing is to improve upon the previous month's or week's metrics. By doing so, the business gains efficiencies as it relates to customer acquisition and retention.

Typically, online retailers have utilized standard A/B tests, otherwise known as “split tests” to try and improve marketing and merchandising approaches. An A/B test allows a retailer to split traffic across two different versions of a webpage in an effort to identify top performing marketing variables.

During these testing scenarios marketers try to identify promotions that significantly outperform others, while testing titles and headers for the highest level of customer engagement.

As a split test progresses an eCommerce business monitors the data trends to understand and observe the reasons for the better performing version. This knowledge can be leveraged into the subsequent tests as the business strives to achieve continuous improvement.

For example, let's say a business was trying to run a split test for two different landing pages within a paid search campaign. On each page, a different headline was shown above the primary image.

Because no other variables were changed within test, a business can attribute the performance increase (typically sales/conversion) to the unique variable on the page. This allows the business to maintain test integrity and to pinpoint the exact factors that caused the improvement.

The problem is that an A/B test can only test one variable at a time. Multiple tests must be done to construct ideal and optimized pages. Findings from an A/B test can only be statistically valid for conversion improvement when testing one distinct variable at a time. It's a painfully long process that can eat up your valuable time.

### ***Multivariate Testing – The future is now***

As online retail has progressed over the last few years, so has the sophistication of ecommerce testing. No longer are marketers handcuffed with the limitations of A/B testing, as multivariate tests (multiple variables being tested at once) have become less costly and easier to implement within a eCommerce business operation.

The core difference between multivariate tests and standard split tests is that multivariate tests allow an eCommerce business to concurrently test numerous variables of a webpage to identify what variables perform best and in which combinations. The goal is to use the test data to create the most engaging and compelling page possible so that visitors shop at an improved conversion rate.

For each page variable (ex. Landing page headline), two or more different versions are tested. In some instances a business may have up to seven unique versions of each variable. When the test is deployed to visitors the variables are configured into "recipes" and have a unique mix of the different test variables. The page versions are randomly split among traffic so that highest performing variables/recipes can be identified.

There are three primary variables that should be tested. Here's an example to simplify the concepts. Let's say that a home products retailer wants to utilize a multivariate test for the category page for sofas. The marketer who is running the test wants to see which combinations of the following variables perform best.

### **Headlines**

A headline should be the core value proposition that should be communicated. The business we are using within this example could test the following:

- Comfort, Elegance, and Value.
- 100% satisfaction on all sofas...Guaranteed
- Simply the best in sofa design. Wide varieties of brands available

All three of the headlines have a unique message and will likely resonate differently with varied shopping segments. Typically the core value proposition will be located with or integrated into the primary creative within a page.

### **Promotions**

Delivering timely promotions that meet customer desires are a fundamental aspect of eCommerce success. Varied promotions perform at different levels and a marketer must test varied types to identify which ones drive the most incremental business. Examples could be the following:

- Free shipping over \$200
- 20% off all leather sofas
- Free coffee table with loveseat and sofa purchase

### **Imagery**

eCommerce businesses sometimes underestimate the importance of images within the consumer purchase decision. Images create emotion within a web shopper and should portray the value of a product. Obviously all images should be of high quality and resolution, but in our example situation above, a furniture business may want to test three different images that reflect the quality of the products and the feeling of the brand.

With 9 different variables within our example, running a/b tests would take an extremely long time to gain insights into the best performing creative. A multivariate test however instantaneously swaps out all of the variables mentioned and identifies the best performing "recipe" for eCommerce success. Success in this situation would most likely be based upon either click-through rate, page depth, time spent on site, or conversion rate.

## **Solution Technology**

Implementing a multivariate test can only be achieved by either developing the technology in-house (costly and labor intensive) or looking outside the organization for a third party provider. By using a third party hosted service model, implementation can be done with minimal help from IT resources.

New solutions on the market today use the AJAX standard to inject content dynamically on the page. By inserting pieces of AJAX code within a webpage, a marketer is able to manage the testing process through a web platform in which content and imagery can be uploaded. Most providers today have robust reporting platforms that make analysis simple and precise. Multivariate testing using AJAX is also search engine friendly, as spiders do not even realize that a test is being performed.

Multivariate testing will allow your business to use science when making marketing and site merchandising decisions. Don't guess during your next big marketing push – test the variables that are critical to your messages so your business can achieve improvements to key performance metrics.