

MECLABS



The Web as a Living Laboratory BY FLINT MCGLAUGHLIN

The Web as a Living Laboratory

"The next CMO is going to come NOT from a television or radio background, but rather from a digital media background"

The man speaking was a senior leader from one of the largest companies in the world. Their marketing budget was more than four billion dollars. And his statement, though simple enough, had profound implications. **The world was changing.**

Indeed, his world was about to change radically. Over the next 24 months, he would transform the digital division of his business, shifting the Web from its role as an "important channel" to a central dynamic of the entire business ecosystem. **The Web would become a living laboratory** through which the company would experiment their way into a more profound understanding of the customer.¹

In the process, revenue from ecommerce would **more than double**, with vital product groups growing by more than **300%**. All the while, this leader would gain in stature, not just from the remarkable financial results he would produce, but from the remarkable customer insights he would garner.

Moreover, the executive team would acknowledge this remarkable achievement with two tangible actions: First, they would **promote him**, publicly recognizing his success at a major meeting in London.² Second (and perhaps more meaningful), they would **triple his division's head-count**, empowering him with the personnel needed to sustain his success.

Now an anecdote does not make an argument. Business books are replete with stories and one more is hardly persuasive. But there is something revolutionary happening in the heart of enterprise everywhere and this simple account is an important (and quite personal) example. The man described is my friend. I cannot reveal his name because this story unfolded just seven days ago, and because I suspect that my friend may soon be promoted again. His words, uttered two years before this remarkable transformation, were prophetic.



Why Do People Say "Yes"?

The world is changing. In the research lab where I work, MECLABS, we have witnessed this transformation first-hand. Over the last 20 years, we have conducted more than 10,000 path experiments, recorded and analyzed more the five million phone calls, interviewed more than 500,000 decision-makers, and we have benchmarked within 36,000 companies — all in an effort to understand the answer to a single, essential question: Why do people say "yes"?

The question is particularly fascinating when we consider that for the first time in the history of the world, scientists and marketers can **peer deeply into the thought-sequence of consumers**, observing their decision process across millions

of transactions. The data is staggering, and it becomes especially meaningful when one views it not with a "how much" mentality, but rather a "why so" mentality. Why do people say "yes"? What can we learn from these cognitive buying patterns?

The sales and marketing funnel is not constructed with ads and pages; it is comprised of thoughts and conclusions.

The question transcends the medium; it informs our thinking regarding social, mobile, search, and even the future technology breakthroughs that will redefine the digital landscape. It is the very same question which drove the transformation in the company described above. This leader was one of my students, and he was quick to grasp three essential findings from the many years of research inside MECLABS, and he was just as quick to implement those findings in a way

that has had measurable impact.³ A brief discussion of each of these points could help you.

People don't buy from websites; people buy from people

First, the sales and marketing funnel is not constructed with ads and pages; it is comprised of thoughts and conclusions. People don't buy from websites; people buy from people.⁴ The task of marketing is not to craft collateral, but rather to guide thinking.⁵ All marketing should influence a decision.⁶ Thus, the marketer begins their work not with a sequence of ads, but with a sequence of thoughts.⁷

In practical terms, this means that we must see through the page into the mind.

And what we are attempting to see is only this: the series of micro-yes(s) that are necessary to achieve a macro-yes. A macro-yes represents an ultimate objective, most likely a sale. A micro-yes represents each (even tiny) decision necessary to ultimate macro-yes.

It may be easier to understand this point with an illustration.

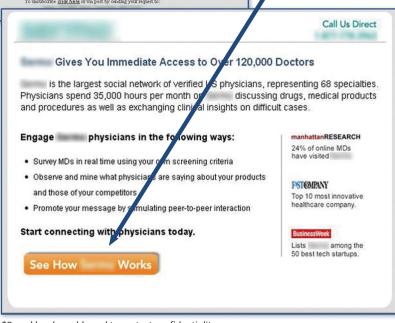
What if your team was tasked to improve the performance of the email in figure 1.1? How would you frame your analysis? Most marketers would recall various maxims that they have learned in conferences or read in blogs or books. They would bring those maxims to the table for discussion. Others would weigh in with their own



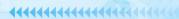
Figure 1.1 - Email Control
This page, though above
average in many respects,
still has conflated the objective of the email with
the objective of the landing
page. This email is selling
and asking for too much at
this stage in the conversion
process (see full image on
page 12).

Figure 1.2 - Email Treatment

The treatment email has been crafted to guide the reader through a logical series of micro-conversions. Notice how the call to action asks for just the right amount of commitment at this stage of the conversion process (see full image on page 13).



^{*}Brand has been blurred to protect confidentiality



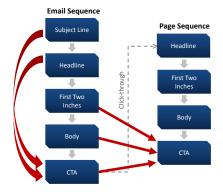


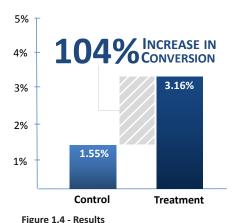
Figure 1.3 - Conflated Objectives

opinions and preferences eventually yielding a "design-by-committee" — with the most influential person at the table having a disproportionate impact on the process. This is the product of a social dynamic rather than a science dynamic.8

There is another way. This email may be analyzed through a different prism. It can be seen as a series of micro-veses. We are asking people to move from the headline to the first paragraph, from the first paragraph to the bullet-points, from the bullet-points to the offer paragraph and so on. Eventually, we are asking people to click on the call-to-action button. And for every "ask", implied or not, there is a necessary "yes", conscious or not. When the email is considered within this framework it becomes easier to detect a problem with its chain of "asks". Indeed. it seems to be conflating its objective (to get a click) with the objective of the landing page (to get a lead).9 It is asking for too much, too soon in the process (see figure 1.2).

Viewed through this thought-sequence prism, it becomes easier to move from diagnosis to treatment. A new email is designed that steps very intentionally through each micro-yes, careful not to ask for too much, not to ask too soon, and not to ask out of order (see figure 1.3). Does this methodical approach yield a favorable result? Yes it does: a carefully validated 104% increase in conversion (see figure 1.4). It is important to note that this is a microcosm of the entire series of microveses, beginning from the channel and flowing all the way through the landing pages and into the call center. It is also important to note that this simple case study is truly representative; its findings may be demonstrated in hundreds of other experiments.

The point is simple: we need to transcend our conversation about emails, ads, pages, even about "online versus offline" with a conversation focused on the prospect's sequence of thoughts. We need to beware of company-centric logic and we need to embrace customer-centric logic.¹⁰



By changing the email messaging to better guide the reader, we were able to generate a 104% lift in clickthrough rate.

Gravity is not the marketer's friend

Second, people aren't falling into our funnel, they are falling out. Gravity is not the marketer's friend. More people are falling out than are flowing in. The way the funnel is currently presented distorts reality. The image of the funnel must be inverted. Thomas Kuhn said "...the scientist who embraces a new paradigm is like the man wearing inverting lenses" (The Structure of Scientific Revolutions, pp.122).

Marketers need a new, more accurate paradigm. They need to see with Kuhn's "inverting lenses". More to the point, we need to see the funnel in a new way - the funnel itself must be inverted (see figure 2.1). With this new perspective, we can better fathom the nature of our work. Let gravity represent the organic resistance in the marketplace: white noise, competing offers, distractions, and so on. The marketer's task is to overcome this force. to counter it. and thus to win the macroves. Yet, when one hundred people flow into our funnel, we are often satisfied if just two complete the journey (excited that our conversion rate has moved from 1.5% to 2.0%). Why? Why do we expect so little?

There are billions of dollars leaking in our flawed processes. We must not think of the internet as just a new opportunity. Responsible leaders need to acknowledge that we are losing unacceptable amounts of money in our legacy sales and marketing processes. The internet is a

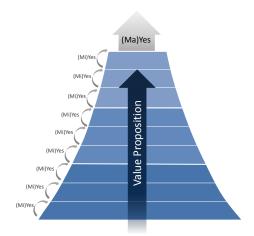


Figure 2.1 - Inverted Funnel

laboratory; it is a way to discern each micro-yes, and thus, to tune our approach until we achieve the maximum number of macro-yes(s) – online and offline. ¹¹ The inverted funnel is not a physical construct, it is a mental construct. Indeed, it is a message stretched like a cognitive fabric around the frame of the medium. And we can use it to solve the essential business challenge: How can we get more people to say "yes"?

The essence of our message is the value proposition

Third, marketers don't drive traffic; we attract it. And the value proposition is the force which draws people up the inverted funnel.¹² Your value proposition is the primary justification for the existence of your enterprise (see figure 2.1).¹³ Indeed,

The business which cannot articulate a rational value proposition is just surviving on pockets of ignorance.

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the business which cannot articulate a rational value proposition is just surviving on pockets of ignorance. The essence of our message is the value proposition.

The marketer communicates with a particular type of message — an offer. It comes in the form of a three-part dialogue: The offer-from-agent asks (Q1) "Will you choose...?" The offer-to-agent counters, (Q2) "Why should I...?" And the offer-from-agent promises, (P1) "Because I will..." (P1) is the ultimate determinant of an offer's success. The marketer must present an argument that takes the form of an ultimate reason supported by "evidentials". This is the value proposition. 14

Researchers at MECLABS have been striving for the last 15 years to develop a framework for the concept of value proposition. Indeed, there is no generally accepted definition in academic or commercial literature. We have reviewed 1,100+ academic articles, we have constructed a 100 year timeline of related terms, and we have conducted more than 10,000 path tests to measure the efficacy of our framework. The most efficient way to communicate our findings in this short article is with one vital question: If I am your ideal customer, why should I purchase from you rather than any of your competitors?

The question appears simple. But it is easy to miss the import of its construct. It may be best to unpack this interrogative.

- "If I" denotes that we are answering a first-person question.
 The marketer must learn not to see in a better way, but to see with new eyes the eyes of the customer.
- "your ideal prospect" denotes that we are focused on a specific customer segment. The marketer must face trade-offs. We must choose who we will not serve to discover who we can best serve.
- "why should I" denotes that the epicenter of the value proposition is an ultimate reason. It is the culmination of a careful argument.
- "rather than your competitors" denotes that your value proposition must have an only-factor. The marketer justifies the company's existence by demonstrating that the company uniquely serves a unique set of customers.

The strength of the marketer's message is grounded in a single word – "because". Every time you ask a prospect to take an action, you must justify the ask. And for every ask, there is a cognitive calculation. Essentially the prospect, even if at a sub-

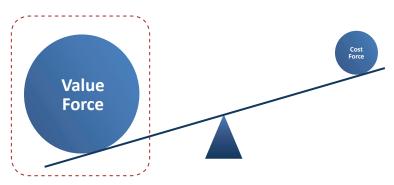
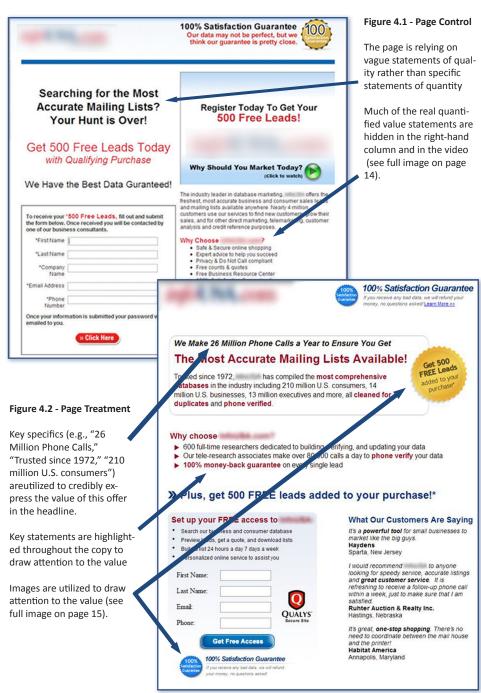


Figure 3.1 - Exchange Fulcrum



conscious level, engages in elementary math: Vf_{Ac}-Cf_{Ac} which is to say, they subtract the perceived cost-force from the perceived value-force.¹⁵ If the sum is negative, a micro-yes is unlikely. Think of the challenge as a fulcrum.¹⁶ Marketers must tip that fulcrum so that the perceived value outweighs the perceived cost (see figure 3.1).

Consider the following page (figure 4.1). It was submitted by a student - a marketing leader from a Fortune 500 company. Her words belied her frustration, "Flint, I know we have a value proposition, but for the life of me, I can't figure out how to say it". She had made a noble effort and this page represents that effort. It was the company's best performing offer. Still, adequacy is the enemy of excellence and this page was barely adequate. The researchers at MECLABS decided to help her. And their first step was to challenge this page with a simple question: "If I am the ideal customer, why would I purchase my list from you rather than your competitors?"

One may discern the answer "Because we have the most accurate mailing lists." But the claim lacked force. Again, people don't buy from websites people buy from people. How effective is this headline within the true context of relationship? Imagine a single man approaching a girl at a party, "Searching for the most eligible bachelor? Your hunt is over." It's not hard to envision the response... And the "envisioning" is important, for a headline is really just a "pick-up" line. Its job is to draw someone into a (mental) conversation. If our headlines do not work re-envisioned in the context of relationship, they are likely not going to work in the context of a product offer.17

And the problem continues: The "500 free lead incentive" with its red italicized text, only fosters anxiety. The "aw shucks" tone of the best data guaranteed seems impotent. The promise on the form field feels more like a threat. The two-column layout interferes with the linear thought-sequence, and so on. The page is failing to communicate an effective value proposition. Thus a new page must be designed, transcending the diagnosis with a (testing) treatment (figure 4.2). What is the result?

The new page outperforms the old by 201.3% (figure 4.3). Quality leads double, and the impact goes straight to the P&L. What is the reason for this dramatic difference? The value proposition is communicated with more force by fine tuning the four elements which underlie its strength: appeal, exclusivity, clarity, and credibility. Essentially, the "because factor" is intensified and so the velocity

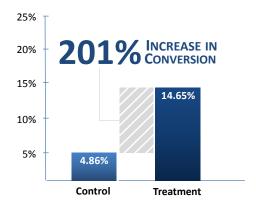


Figure 4.3 - ResultsBy changing the landing page to better express the value proposition, we were able to generate a 201% lift in conversion.

through the sequence of micro-yes(s) is also intensified. This translates into more people saying "yes".

The Internet is More than a Channel; It's a Laboratory

This last case study brings together the simple construct of this article. The internet is more than a channel; it is a laboratory through which we can experiment our way into optimal messaging. To do that we must recognize three points: First, the sales and marketing funnel is not constructed with ads and pages; it is comprised of thoughts and conclusions. Second, people aren't falling into our funnel, they are falling out. The image of the funnel must be inverted. Third, marketers don't drive traffic; we attract it. And the value proposition is the force which draws people up the inverted funnel.

Indeed—Henry James, the Pulitzer prizewinning author said "ideas are in truth, forces. Infinite, too, is the power of personality. A union of the two always makes history." To reprise James, we may relate "the idea" to the value proposition and the "personality" to the brand. When the idea and the personality come together, the marketer makes history (read Apple).

increase of \$500,000" last modified July 19 2012, http://www.marketingexperiments.com/site-optimization/five-steps-to-better-metrics.html

- ⁴ "Transparent Marketing: How to earn the trust of a skeptical consumer" last modified June 1, 2003, http://www.marketingexperiments.com/ improving-website-conversion/transparentmarketing.html
- ⁵ "Nonprofit Marketing: How a long, ugly page generated 274% more revenue," last modified June 15, 2012, http://www.marketingexperiments.com/blog/research-topics/ landing-page-optimization-research-topics/call-toaction-location.html
- ⁶ "Email Marketing Video: Crafting effective email messages," last modified December 3, 2012, http://www.marketingexperiments.com/blog/research-topics/email-marketing/crafting-effective-email-messages-video.html
- 7 "Online Course: Landing page optimization, Session 1," http://www.meclabs.com/training/ online-course/landing-page-optimization/ overview
- 8 "How to Increase Conversion in 2012: The last 20,000 hours of marketing research distilled into 60 minutes," last modified December 15, 2011, http://www.marketingexperiments.com/marketing-optimization/increase-conversion-2012.html
- ⁹ "Email Messaging: How overcoming 3 common errors increased clickthrough 104%" last modified November 16, 2011, http://www.marketingexperiments.com/email-optimization/email-messaging. html
- ¹⁰ "Quick Win Clinic (Part I): The 5 easiest changes to make to your landing pages right now," last modified May 3, 2012, http://www.marketingexperiments.com/landing-page-optimization/ quick-win-clinic-part-i-.html
- ¹¹ "Integrate Your Marketing How one company combined offline and online marketing to increase subscriptions by 124%," MarketingExperiments Journal Volume I, Issue 2, 2010, 6-19, http://www.marketingexperiments.com/marketing-optimization/q22010.html
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¹ "What Your Customers Want - How to predict customer behavior for maximum ROI," last modified April 5, 2012, http://www.marketingexperiments.com/marketing-optimization/what-your-customers-want.html

² City has been anonymized to preserve confidentiality

³ "Five Steps to Better Metrics: How one marketer leveraged Web analytics for an annual revenue

- ¹⁴ "Discovering Your Value Proposition: 6 ways to stand out in a crowded marketplace," last modified August 16, 2012, http://www.marketingexperiments.com/marketing-optimization/ discovering-your-value-proposition.html
- 15 "Online Course: Value Proposition Development," http://www.meclabs.com/training/online-course/ value-proposition-development/overview
- 16 "Optimizing Landing Pages: The four key tactics that drove a 189% lift," last modified August 19, 2010, http://www.marketingexperiments. com/improving-website-conversion/optimizinglanding-pages.html
- "Headline Optimization: How testing 10 headlines revealed a 3-letter word that improved conversion more than major changes," last modified June 23, 2011, http://www.marketingexperiments.com/marketing-optimization/ optimizing-headlines.html
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- "Copywriting on Tight Deadlines: How ordinary marketers are achieving 103% gains with a step-by-step framework," last modified June 15, 2012, http://www.marketingexperiments.com/ site-optimization/copywriting-on-tight-deadlines. html
- 20 "Form Optimization: 3 case studies to help convince your boss (and Sales) to reduce form fields," last modified March 30, 2012, http:// www.marketingexperiments.com/blog/practicalapplication/form-optimization-case-studies.html
- ²¹ "Hidden Friction: The 6 silent killers of conversion," last modified March 22, 2012, http://www.marketingexperiments.com/landing-page-optimization/hidden-friction.html

Further Resources:

MECLABS Research Catalog http://meclabs.com/catalog

MarketingExperiments Research Directory: http://marketingexperiments.com/research

MarketingSherpa Library: http://marketingsherpa.com/library

Appendix: Figure 1.1 (Full)

is the largest online physician community with more than 115,000 members

Engage for your physician social media strategy

Need to engage practicing physicians? Learn how to use physician-only social media tools to conduct research and create product awareness. <u>Get started with a free 30-minute demo.</u>

According to Manhattan Research, 25% of all online physicians have visited in the past three months to discuss drugs, devices and collaborate on new treatments and therapies.

Use advanced online tools to reach this highly active physicians-only community:

- Target physicians against a matched list or by demographic criteria
- Engage physicians quickly using unique social media tools
- Analyze the results of your campaigns in days, not weeks

Get started with a 30-minute demo. Have questions? Call or email us

Get Started

F\st@mpany

Top 10 most innovative healthcare company.

RusinessWeek

Lists among the 50 best tech startups.

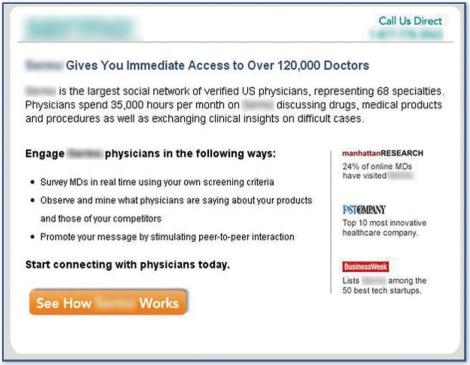
manhattanRESEARCH

24% of online MDs have visited

To unsubscribe $\underline{\text{click here}}$ or via post by sending your request to:

^{*}Brand has been blurred to protect confidentiality

Appendix: Figure 1.2 (Full)



^{*}Brand has been blurred to protect confidentiality

Appendix: Figure 4.1 (Full)

100% Satisfaction Guarantee Our data may not be perfect, but we think our guarantee is pretty close. Searching for the Most Accurate Mailing Lists? Register Today To Get Your 500 Free Leads! Your Hunt is Over! Get 500 Free Leads Today with Qualifying Purchase Why Should You Market Today? (Click to watch) We Have the Best Data Guranteed! The industry leader in database marketing, offers the freshest, most accurate business and consumer sales leads and mailing lists available anywhere. Nearly 4 million customers use our services to find new customers, grow their To receive your *500 Free Leads, fill out and submit sales, and for other direct marketing, telemarketing, customer the form below. Once received you will be contacted by analysis and credit reference purposes. one of our business consultants. *First Name Why Choose · Safe & Secure online shopping "Last Name · Expert advice to help you succeed . Privacy & Do Not Call compliant *Company · Free counts & quotes · Free Business Resource Center Name 100% Satisfaction Guaranteed *Email Address Plus Phone Verified Data! *Phone We make more than 26 million phone calls each year to verify Number and enhance our business databases. Why? To ensure you have the freshest, most comprehensive information available. Once your information is submitted your password will be emailed to you. No other company in the industry does that. Period!

How Can We Help?

From mailing lists to email marketing, we're your one-stop shop to grow your sales. We'll focus on your marketing needs so you can focus on your business and grow your sales!

*Brand has been blurred to protect confidentiality

Appendix: Figure 4.2 (Full)



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We Make 26 Million Phone Calls a Year to Ensure You Get

The Most Accurate Mailing Lists Available!

Trusted since 1972, has compiled the **most comprehensive** databases in the industry including 210 million U.S. consumers, 14 million U.S. businesses, 13 million executives and more, all cleaned for duplicates and phone verified.

Get 500 FREE Leads added to your purchase*

Why choose

- ▶ 600 full-time researchers dedicated to building, verifying, and updating your data
- Our tele-research associates make over 80,000 calls a day to phone verify your data
- ▶ 100% money-back guarantee on every single lead

>> Plus, get 500 FREE leads added to your purchase!*

Set up your FREE access to

- Search our business and consumer database
- · Preview leads, get a quote, and download lists
- Build a list 24 hours a day 7 days a week
- · Personalized online service to assist you

First Name:	
Last Name:	
Email:	QUALYS
Phone:	Secure Site
Get Free A	ccess
100% Satisfacti	ion Guarantee

What Our Customers Are Saying

It's a **powerful tool** for small businesses to market like the big guys.

Haydens

Sparta, New Jersey

I would recommend to anyone looking for speedy service, accurate listings and great customer service. It is refreshing to receive a follow-up phone call within a week, just to make sure that I am satisfied

Ruhter Auction & Realty Inc. Hastings, Nebraska

It's great, one-stop shopping. There's no need to coordinate between the mail house and the printer!

Habitat America

100% Satisfaction Guarantee Annapolis, Maryland If you receive any bad data, we will refund

your money, no questions asked

^{*}Brand has been blurred to protect confidentiality

FREE Access to \$20 Million of Research

Join many of the top marketers from around the world as we work together to discover what really works in marketing

MECLABS is the **world's largest independent research institution** focused exclusively on marketing and sales. The Institution's discoveries, heuristics and methodologies power the marketing performance of companies all over the world.

These discoveries are also studied and disseminated through the MarketingExperiments and MarketingSherpa websites and research subscriptions. Our goal is to **serve the marketing community with research**, **data**, **and information** to help them better perform their jobs, and improve marketing discipline on a global scale.

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- Case studies and interviews
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- · Charts, tables and studies
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10,000 PAGES/PATHS
1 BILLION EMAILS
5 MILLION PHONE CALLS
36,980 COMPANY BENCHMARKS
3,831 CHARTS AND TABLES
150+ HOURS OF MULTIMEDIA LECTURES
100+ CONFERENCES
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