



Conversion Rate & CRO Fundamentals for Marketers

Everything you need to know about conversion rate and CRO to turn your website into a sales engine.

FOREWORD



For years, marketers thought that the best way to get results from a website is to drive more traffic to the site.

It's about time to accept that focusing on conversions – rather than traffic – is by far the most powerful and cost-effective way to generate leads and sales from the website.

Improvements in conversion rate can turn into massive incremental revenue. And the best thing? That revenue comes from the traffic and demand you already have.

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Table of contents



05 Conversion rate and CRO explained

- Definitions
- Conversion types
- Why conversion rate matters

11 Conversion KPIs

- About measuring conversion performance
- List of conversion KPIs
- How to calculate conversion KPIs

15 Basics of CRO

- Who should do CRO?
- Finding the conversions that matter
- CRO process outline & what to test

18 Inspiration

- 5 conversion myths busted
- 5 deadly conversion pitfalls
- 5 quick conversion fixes

21 About Leadoo

Reality check

WHY IT'S TIME TO TAKE CONVERSIONS SERIOUSLY

Websites aren't built to provide masses of people a place to hang out. Rather than traffic, your primary focus should be on conversions and conversion rate.

Successful websites are sales engines that generate revenue and other measurable business benefits. Web traffic alone doesn't guarantee any of that.

In this guide, we cover everything you need to know about conversions, conversion rate, and CRO.

After reading, you will be better equipped to make your website traffic count.

Definitions



CONVERSION

A conversion is an action taken by a website visitor that is linked to one or more business goals. Common conversion types include contact request, booked meeting, purchase, quotation request, webinar sign up, newsletter subscription, and more.



CONVERSION RATE

Conversion rate is a metric that describes how many (%) website or landing page visitors completed a defined conversion.

The generic formula for calculating conversion rate is:
 $\#conversions / \#visitors * 100\%$



CRO

CRO or conversion rate optimization is the practice of improving a conversion rate. CRO is a continuous effort of experimentation and finding ways to improve a website or landing page's ability to convert visitors.

Conversion types

Note that several conversion types occur in more than one funnel stage. The funnel is a simplification of how buyers move towards purchase. In reality, buyers often revisit earlier stages.

Top of the funnel

ToFu conversions happen when a buyer has identified a problem and / or is researching the market for information or alternative solutions.

Landing page visit

CTA click

Webinar sign up

Content download

Newsletter subscription

Middle of the funnel

MiFu conversions capture higher commitment, as buyers begin to form a relationship with the seller.

Contact request

Form submission

Chatbot conversation

Demo request

Email / call

Bottom of the funnel

BoFu conversions are closest to transaction or customer relationship. The purpose of ToFu and MiFu conversions is to drive people here.

Calendar booking

Request for quotation

Purchase / order

Transaction or customer relationship



**Conversion
difficulty increases
hand in hand with
conversion value.**

Two reasons to care about conversion rate

Conversions make marketing count

Improvements in conversion rate increase results from all of your marketing activities. There are two ways to consider conversions and how to get more of them. You can either:

- **Drive more traffic to your website, and at some point you should see more conversions**
- **Focus on improving the website's conversion performance for current and future traffic**

The first option is simple. You can always pour more money into ads and get more traffic. But this is expensive and doesn't guarantee results. **Much of your effort will still go to waste.**

With a better conversion rate, it makes more sense to drive traffic to the site. The beauty of CRO is that the starting point doesn't matter – you're squeezing out **better results from the traffic and interest that already exists.**

Conversion rate goes beyond the website

Although CRO happens at the digital touchpoints, the effects spread out to the entire business, impacting key success factors and supporting your competitive resilience.

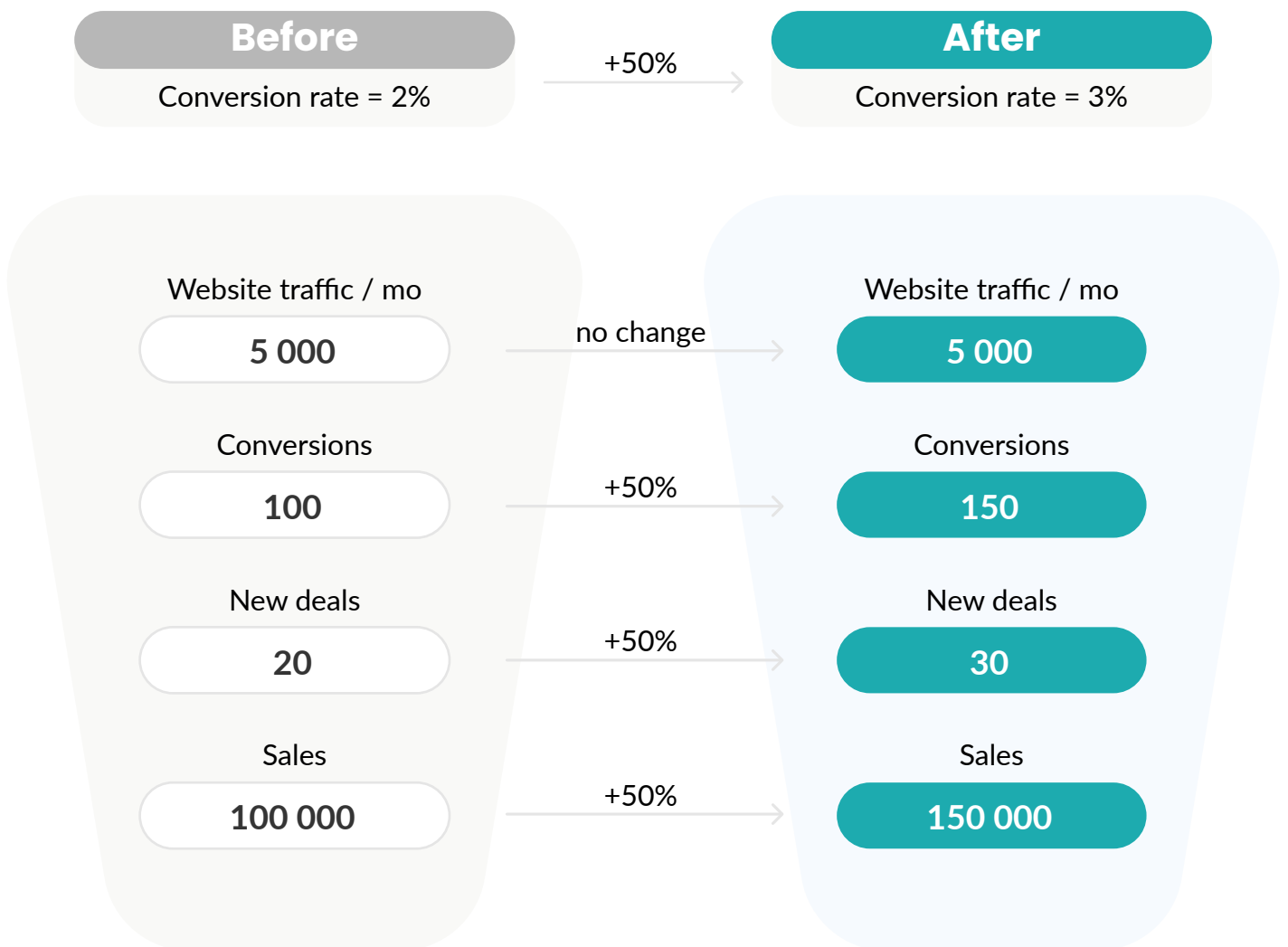
The obvious result is that more conversions mean more purchases, customers, and ultimately revenue. This conversion rate impact is illustrated on the next page.

But CRO is not just about getting more – it's about getting more with less.

Higher conversion rate means that you will achieve better return on ad spend (ROAS). This has a direct positive impact on your customer acquisition cost (CAC). Improvements to conversion rate truly unlock new possibilities for scalable growth.

The conversion rate impact illustrated

In this example, software company SuperSoft's marketing performance is illustrated in a before and after comparison. SuperSoft's conversion rate is the only variable that changes, showing how big of an impact it has on the results.



What would this comparison look like with your numbers?

What would it cost to achieve the same revenue increase by increasing traffic instead of conversion rate?

Example calculations are done with:
Closing rate (conversion-to-deal) = 20%
Avg. deal value = 5 000



Compared to driving more web traffic, CRO is a far more cost effective way to get results.

Conversion KPIs

There's no point in doing continuous conversion rate optimization, unless you're able to measure the results. In this guide, we focus on the following conversion KPIs:

- Number of conversions
- Conversion rate
- CPA (cost per acquisition)
- Conversion value
- Conversion ROI / ROAS
- Sales funnel metrics
- Revenue

Number of conversions

Your most basic conversion KPI. Especially if you're only collecting one or two conversion types, tracking this number alone will say a lot about your performance. Reflecting this KPI with your marketing activities helps you to see what actions contributed to your results.

PRO TIP

Tracking conversions by type helps you see what areas in your marketing need more attention.

Conversion rate (%)

PRO TIP

For more detailed insights, you can analyze conversion rate for a specific channel or campaign.

Conversion rate is the percentage of website visitors who completed a conversion. In all simplicity, you calculate conversion rate by dividing the number of conversions with the number of visitors to a page or site.

This central KPI measures the performance of your campaigns and landing pages. You can calculate conversion rate for an entire domain or selected pages.

#CONVERSIONS

/

#VISITORS

*

100%

=

CONVERSION RATE

CPA

CPA or cost per acquisition in this case means cost per conversion; how much you paid for a conversion on average. Knowing or at least having an estimate of CPA is a prerequisite to improving marketing performance. Use CPA in tandem with conversion value to see if your marketing is profitable.

PRO TIP

For more accuracy, consider also indirect marketing costs in the CPA calculation.

ASSOCIATED
MARKETING COSTS

/

#CONVERSIONS

=

CPA
(FOR CONVERSIONS)

Conversion value

PRO TIP

One transaction does not always cover the entire value of a conversion. Use long-term value metrics (like LTV) for a more realistic estimate.

The natural next step from knowing the cost of a conversion is to find out the value of a conversion. Conversion value helps you to estimate the ROI of CRO activities and marketing in general.

This KPI is a combination of historical data and knowledge about the likelihood of a conversion turning into business, and what the value of that deal will be on average.

Conversion ROI

Return on investment should be a key interest to marketers in all situations. When you know the number of conversions, cost per conversion, and conversion value, you can calculate your ROI for the actions you took with a conversion goal in mind.

PRO TIP

Be mindful about indirect costs in ROI calculations. By omitting them, your ROI will seem higher than it really is.

$$\text{ROI} = \left(\frac{\text{VALUE OF CONVERSIONS} - \text{COST OF CONVERSIONS}}{\text{COST OF CONVERSIONS}} \right) \times 100\%$$

Sales funnel metrics

PRO TIP

Take into account variation in deal value. Conversions from different sources and campaigns don't always have equal value potential.

To discover the truth about your performance, you need to go beyond website conversions. By digging into sales data, you will be able to make a more informed estimate of conversion value and therefore conversion ROI.

Above all, you're interested in the likelihood of conversions turning into deals, and the average value of each new deal. Defining these numbers requires collaboration between marketing and sales.

Revenue

At the end of the day, you're converting people to generate revenue. If the KPIs listed are looking bright, it's likely that your conversion efforts are doing a handsome contribution to overall revenue.

On the other hand, you could be dissatisfied with marketing generated revenue. In that case (at the latest), it's a good idea to dig into the data and calculate a benchmark for these conversion KPIs.

PRO TIP

Whichever KPIs you choose to use, try to always have visibility to how they affect actual sales and revenue.

ABOUT CONVERSION KPIs

These were some of the most common conversion KPIs, but this doesn't mean that you should know each value at all times.

Adjust your measurement according to conversion types, marketing channels, and available data. Most importantly, you want to have visibility to how you can:

- Secure a steady and sufficient number of conversions
- Drag CPA as low as possible
- Make conversion value as high as possible



**Every single website
has untapped
conversion potential.**

**It doesn't matter
where you start,
as long as you do.**

Who should do CRO?

CRO is for all companies that wish to support sales and generate concrete results from their website. A common misconception is, that CRO is only for ecommerce. In reality, a conversion can be so many other things besides a purchase from an online store.

Especially in B2B, even top of the funnel conversions can play a huge role in securing future pipeline. And most B2B companies can still capture hard conversions like quotation requests on the side. CRO really is for every company that has a website with traffic.

Find the conversions that matter to you

What conversions are you looking to capture? What's the business context, and where are your worst bottlenecks? Who are you targeting? Answers to these questions will guide your conversion efforts. Generally speaking, there are a few different conversion categories you can focus on.

Broad conversion categorization

Lead conversion

A lead is someone who has shown interest towards an offering, and may be approached by sales or engaged further with marketing activities. Lead conversion has its place in both B2B and B2C.

ECommerce

The primary conversion focus of ecommerce players should be on purchases and orders. On top of that, subscriptions to product newsletters and offers are a good way to secure future business.

Recruitment & other

Not all conversions are directly sales related. In recruitment, conversions determine a firm's ability to find new team members. In customer service, conversions often mean a resolved issue.

Food for thought

If you only pick up one thing from this guide, it should be the view that conversions are more than just clicks on buttons. Identifying the full potential of conversions allows you to discover new value opportunities on your website.

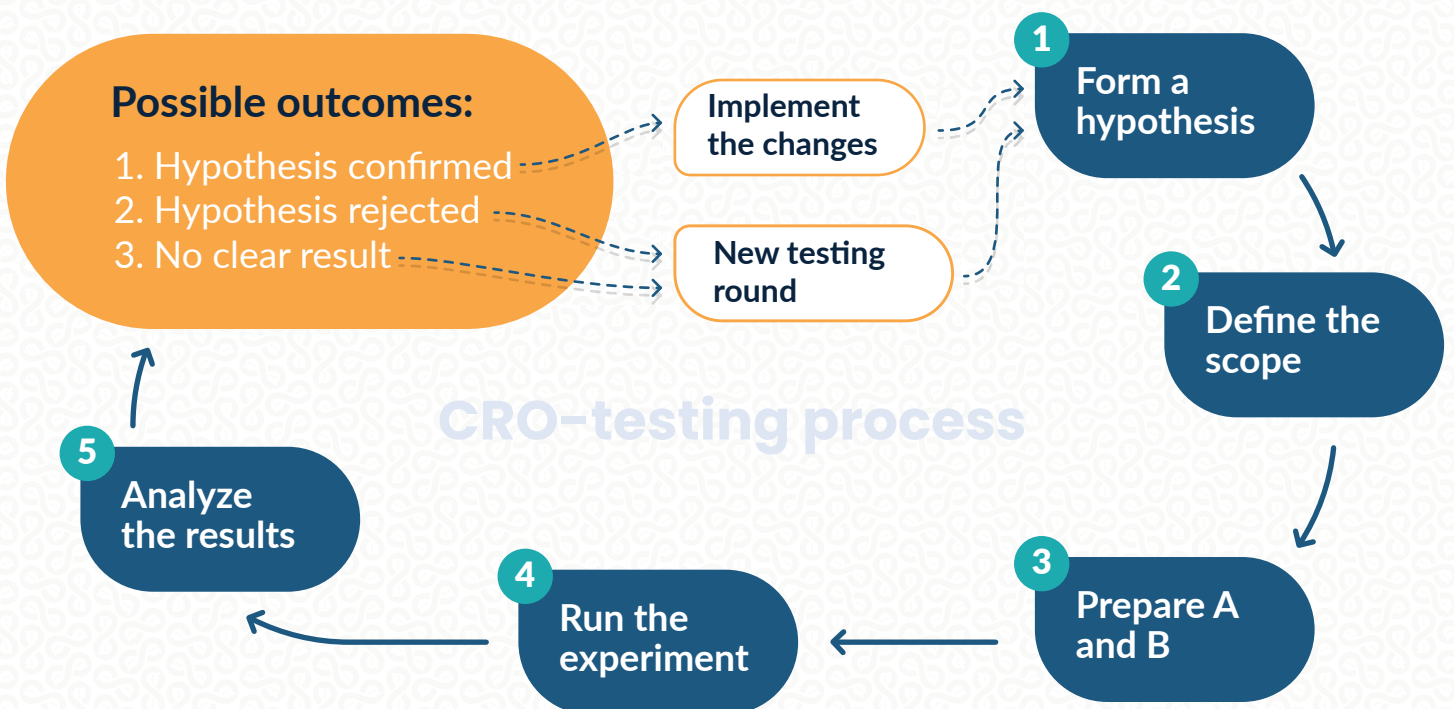
How does CRO work?

Conversion rate optimization is usually practiced through agile experimentation. Common methods include:

- A/B-testing (or split-testing)
- A/B/n-testing
- Multivariate testing
- Usability or user testing

Outline of a CRO-testing process (A/B-test):

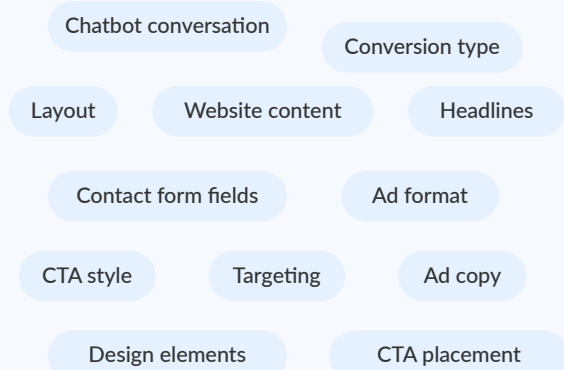
- Form a hypothesis about a problem
- Define the scope of the experiment
- Prepare versions A and B
- Run the experiment
- Confirm or reject the hypothesis
- Implement changes and/or test again



What to experiment?

These are some of the most common features you can experiment with to increase conversion rate.

Remember to run simple experiments. Testing only one variable at a time makes it easier to draw conclusions and either confirm or reject your hypothesis.





**Conversions are
the reward for giving
visitors a positive
experience**

5

CONVERSION MYTHS

BUSTED

1 Conversion rate can be hacked

CRO can bring up powerful tactics and better results quickly. But no trick or hack removes the need to understand your customers and to build your marketing around that knowledge. You can't succeed if the fundamentals are foggy.

BUSTED

2 What worked for them will work for you

Not necessarily. Conversions are always highly contextual. Your competitors and benchmark firms have different traffic sources, target audiences, and so on. You cannot know that something will work for you before the results say so.

BUSTED

3 "People in our industry don't convert online"

The reason why people don't convert is that you're doing it wrong. Don't get stuck on the old ways: the world changes and your business needs to change with it. There are conversions to be had in every industry. Perhaps it isn't direct purchases, but something that nudges buyers forward.

BUSTED

4 "We need more traffic before we can convert"

Conversions deserve attention regardless of web traffic. Sure, more traffic inherently gives you more conversion opportunities. But at what cost? Improvements in conversion rate make all marketing efforts more effective. It's wise to prioritize the existing potential over pumping money into traffic acquisition.

BUSTED

5 CRO is all about CTAs and button colors

Unfortunately, this misconception still persists. When done right, CRO is thorough and even scientific work that has implications to marketing on a broader level. The actual tests and tweaks are only a part of it. CRO is a means to achieving better results, but you'll also learn more about your business and customers.

BUSTED

5

DEADLY CONVERSION PITFALLS



1 Mismatch between marketing & website

Continuity is a basic marketing principle for a reason. If your ads and comms promise different things compared to your website, getting people to convert on the site will be just shy of impossible.

2 Confusing and bad design

Nothing kills conversions like a terrible user experience. Bad design makes converting difficult and causes frustration. Complicated doesn't mix well with conversion, so make sure you aren't putting any extra burden on your customers with suboptimal design choices.

3 No customer support or help available

It's your job to provide customers the answers they need in each stage of the buyer's journey. And if you don't? People drop off and you can say goodbye to another conversion opportunity. Make yourself available and approachable to customers, and follow up on contacts quickly.

4 Poor website performance

Buyers' patience for slow and unstable websites is at an all time low. Online, every second counts. Poor site performance not only makes it harder to convert, but also crushes customers' trust in the brand's ability to deliver what they promise.

5 The final conversion hoop is too tight

Finally, it all comes down to the moment of conversion. So many customers are lost here. In B2B, a long and ambiguous contact form can kill the case. In ecommerce, a defective order process may throw a customer directly to a competitor. Build your processes with the customer in mind, and you can avoid this happening to you.



5

QUICK CONVERSION FIXES



1 Increase the number of conversion points

You shouldn't bombard visitors with distracting CTAs, but you do want to make sure that a natural conversion point is never more than one click away. A lot of conversions can be gained by simply adding easy and visible opportunities for conversion.

2 Simplify your designs and messaging

Marketers tend to over explain. When your goal is to convert, you should focus your approach on what information the buyer actually needs to move forwards. Be crystal clear about what you're offering, and why (and how) the customer should take action now.

3 Activate visitors by starting conversations

The problem with many conversion methods (incl. most forms and pop-ups) is that they are unidirectional and don't create real engagement. Conversations with e.g. chatbots activate users naturally and flow towards conversion on the user's terms.

4 Shorten the path to conversion

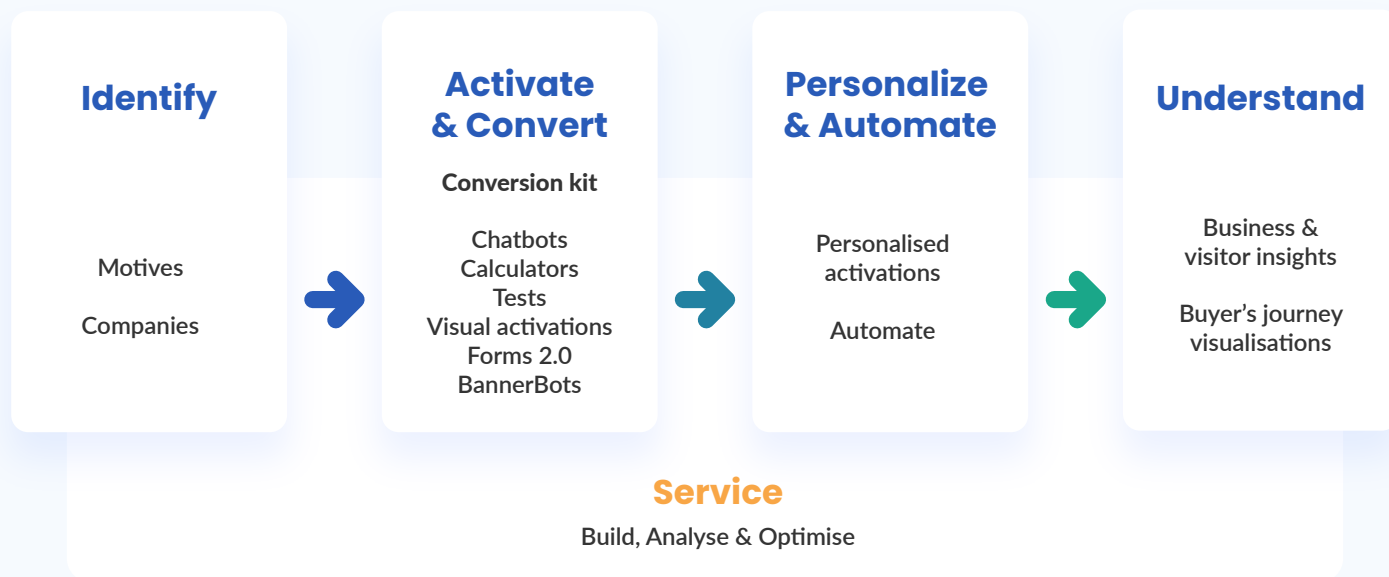
As we've established, complication and confusion kill conversions. Think about how many steps and actions website visitors need to go through to complete a conversion. Then, see how you could cut the path into half.. Even removing just one step could have a massive impact.

5 Test and optimize the conversion funnel

Finally, an effort that's too easy to forget. The last thing you want is people converting but then dropping out due to a glitch in your processes or a plain bad experience. Always test that your conversion funnel flows nicely, and remember to check in with the data later to find opportunities for improvement.



Leadoo conversion platform



Leadoo is a lead conversion platform that turns passive website visitors into qualified leads. The platform includes a selection of powerful chatbots, visitor tracking features, easy-to-use analytics and much more.

- ✓ Generate more qualified leads from existing website visitors
- ✓ Improve customer service and enhance the customer experience
- ✓ Convert more qualified job applicants faster



Not just the tech

All paid Leadoo subscriptions come with added service from our team of experts. Your success is our priority number 1.

- ✓ Onboarding service: our experts build your first conversion bots for you
- ✓ 5 optimization rounds per year to make sure you keep getting results
- ✓ Support available whenever you need it



Happy converting!

As the data shows, and as experience tells us, chatbots can revolutionize conversion performance in pretty much any field.

At the same time, focusing on conversions is a great way to align the efforts of sales and marketing. This alignment is the best way to increase your results and resilience in the fast-paced digital world.

I hope this report inspires you to crush your previous lead conversion records and to grow your business. It takes work, but that work may well future-proof your business for the 2020s.

Get started by claiming your exclusive offer on the last page.



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Leadoo Marketing Technologies

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Take the next step on your journey towards
better conversion results.

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