KISSmetrics

Measure Your Way to Success
May 2014

Thue Madsen

# About me

Thue Madsen

Marketing Operation Manager
KISSmetrics

@thuelmadsen
@kissmetrics

- Grew up in Denmark, lived in Venezuela, Costa Rica and the USA.
- Graduated from Copenhagen Business School with a Masters in Intercultural Market Studies and International Business Communication in English.
- Drove for Lyft
- Work at KISSmetrics as a Marketing Associate - I wear many hats but mainly do:
  - Webinars
  - Landing Pages
  - Email Marketing
  - Social Media Marketing
  - Ad hoc Design

Where I work
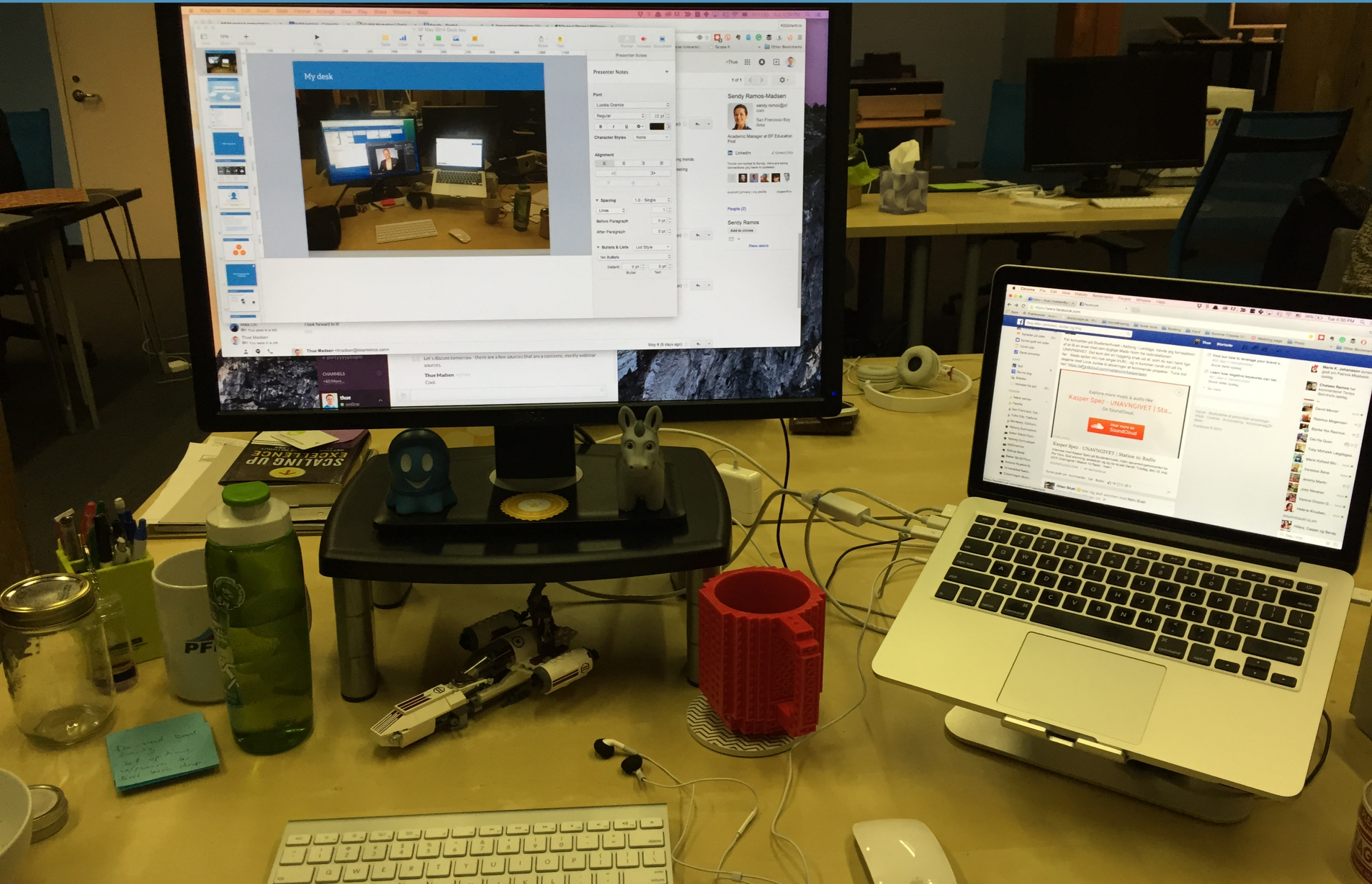
Join me on Twitter

@thuelmadsen

We will talk about...

1 Why Analytics?

- The evolution of marketing
- The Idea of Lean Business

2 What Should We Track?

- Not Vanity Metrics
- Channels
- The Funnel
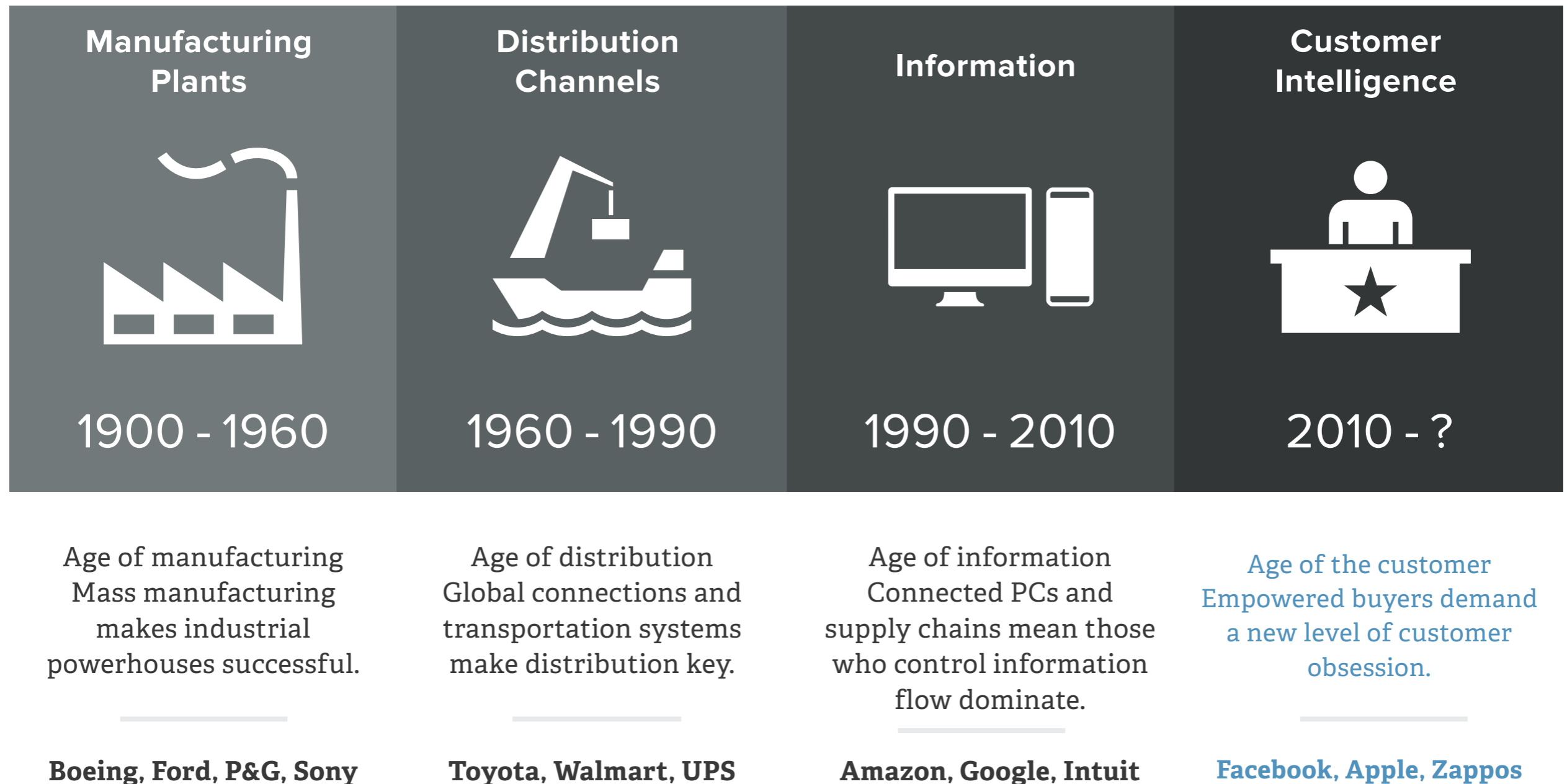- People and Behavior

3 How Do We Track?

- KISSmetrics

4 Execution, Execution, Execution!!

Why Analytics?

The History of Marketing

User analytics enables businesses to effectively reach the right customer with the right message at the right time

Manufacturing Plants	Distribution Channels	Information	Customer Intelligence
1900 - 1960	1960 - 1990	1990 - 2010	2010 - ?

Age of manufacturing Mass manufacturing makes industrial powerhouses successful.	Age of distribution Global connections and transportation systems make distribution key.	Age of information Connected PCs and supply chains mean those who control information flow dominate.	Age of the customer Empowered buyers demand a new level of customer obsession.
Boeing, Ford, P&G, Sony	**Toyota, Walmart, UPS**	**Amazon, Google, Intuit**	**Facebook, Apple, Zappos**

Welcome to our world of Customer Analytics

Every person. Every button click. Every purchase.
Every device. From transaction #1 to #543.

All tracked so the modern marketer knows exactly what's working, and what's not.

# Problem

Customer data is everywhere

- Growth of mobile and social platforms is fueling the increase in customer data.

- New marketing channels create more customer touch points.

- Fragmentation of customer data is increasing because of SaaS.

- Big data has created demand for increased actionability.

- Managing the customer lifecycle is more important than ever.

> "
>
> *"The ability to take data -- to be able to understand it, to process it, to extract value from it, to visualize it, to communicate it -- that's going to be a hugely important skill in the next decades."*
> —*Hal Varian, Chief Economist at Google*

The Lean Startup
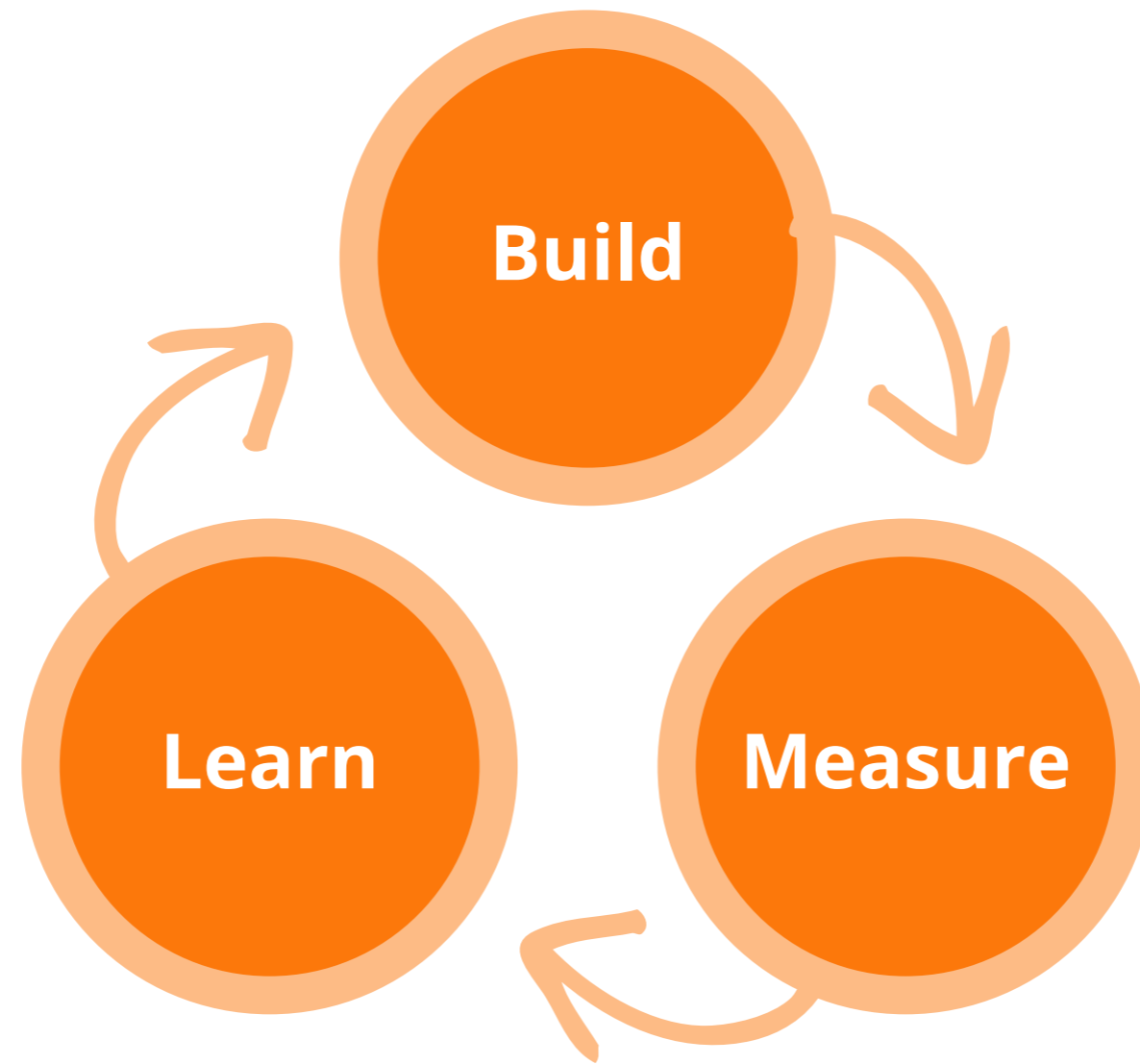
What Should We Be Tracking?

Vanity Metrics

What are vanity metrics?

- Page views

- No. of visitors

- Bounce rates

Vanity Metrics

100.00% of total visits

Overview

Visits ▼ VS. Select a metric

Hourly | **Day** | Week | Month

● Visits

1,400

700

Apr 8 | Apr 15 | Apr 22 | Apr 29
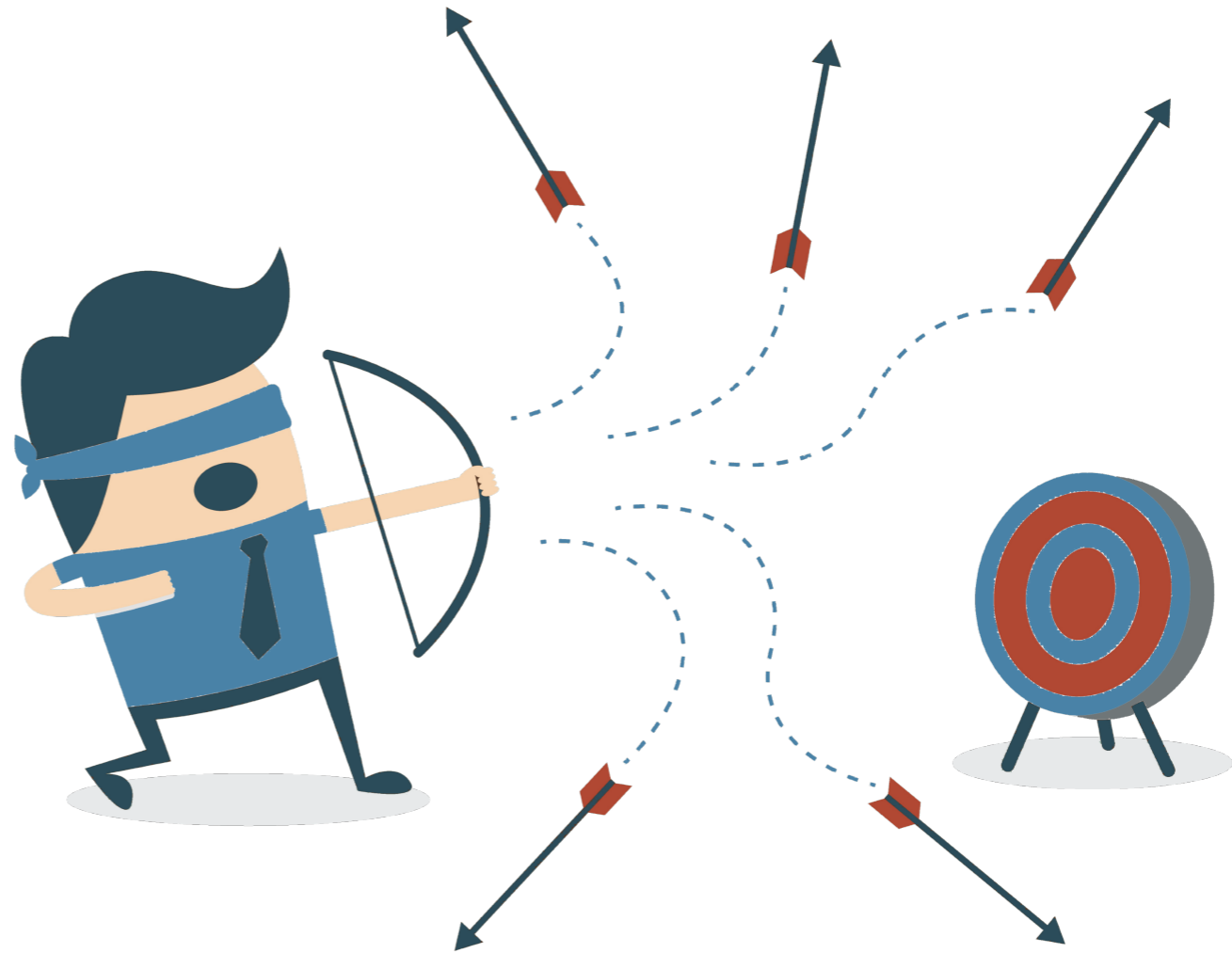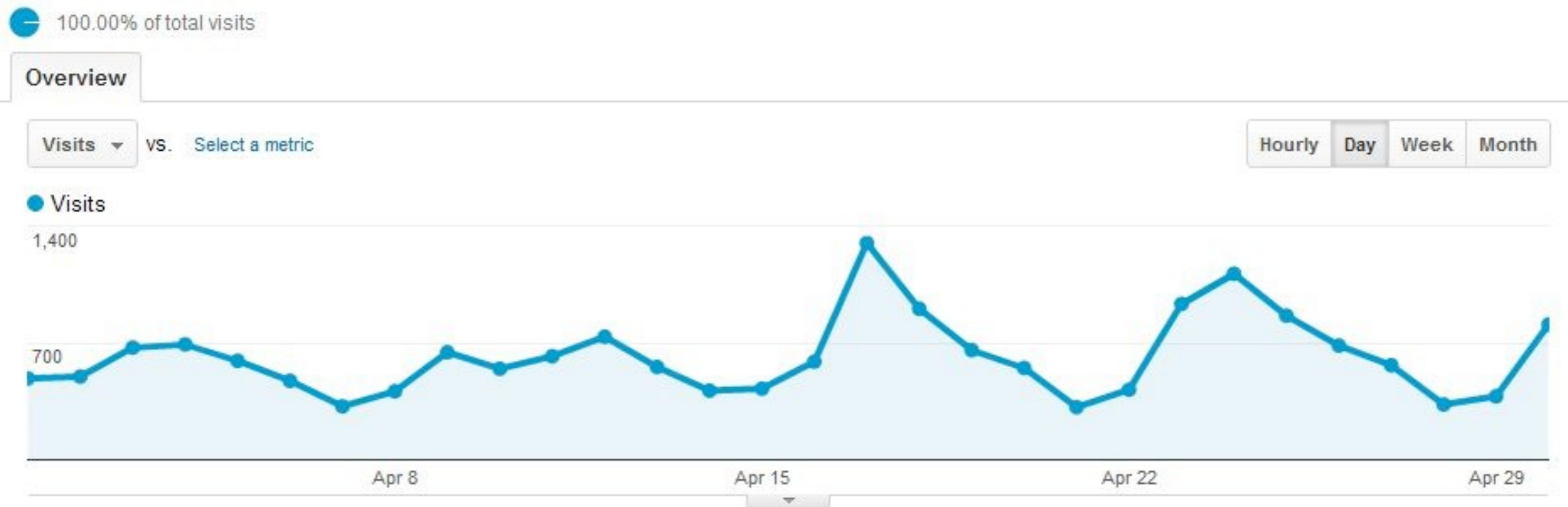
12,467 people visited this site

Visits: **18,499**

Unique Visitors: **12,467**

Pageviews: **57,063**

Pages/Visit: **3.08**

Avg. Visit Duration: **00:02:47**

Bounce Rate: **55.57%**

% New Visits: **55.12%**

■ **55.16%** New Visitor
10,204 Visits

■ **44.84%** Returning Visitor
8,295 Visits

Tracking Vanity Metrics

Don't track what's easy, Track what matters!

Where do we focus?

We track the things that will improve our business

What most important to us?

What most important to us?

Our customers!

Channels

- Where do people come from?

- What marketing channel provide the largest ROI?

- Optimize campaigns
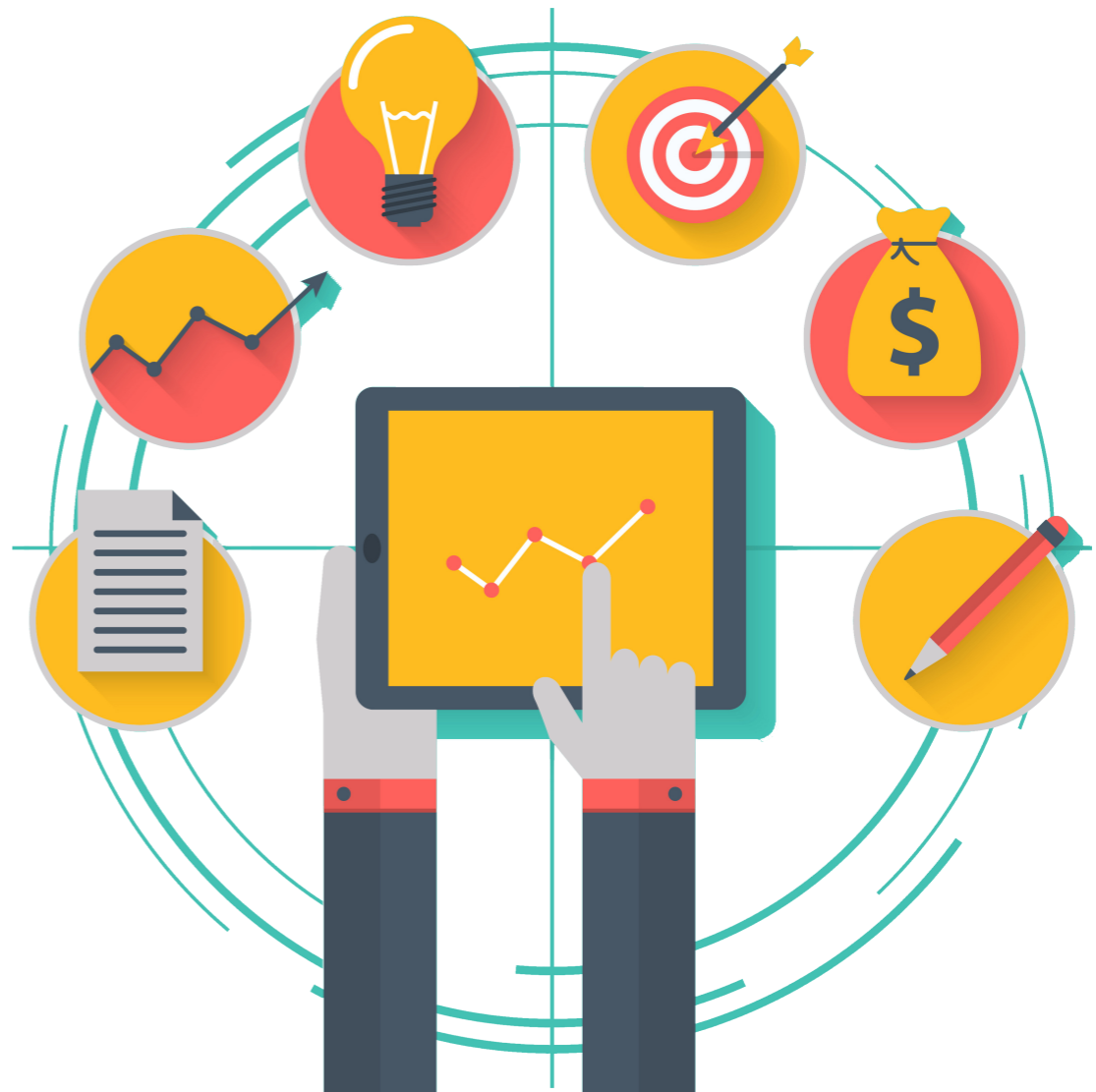
The Funnel

- What does your funnel look like?

- How do people go through your funnel?

- Conversion rates

- Bottle necks

People and Behavior

- Who are your best/ideal customer?

- How is you worst customer?

- How are people using your products?

- What works/doesn't work?

How Do We Track?

Let's take a look at analytics

Let's take a look at analytics

How it works (it's simple and powerful)
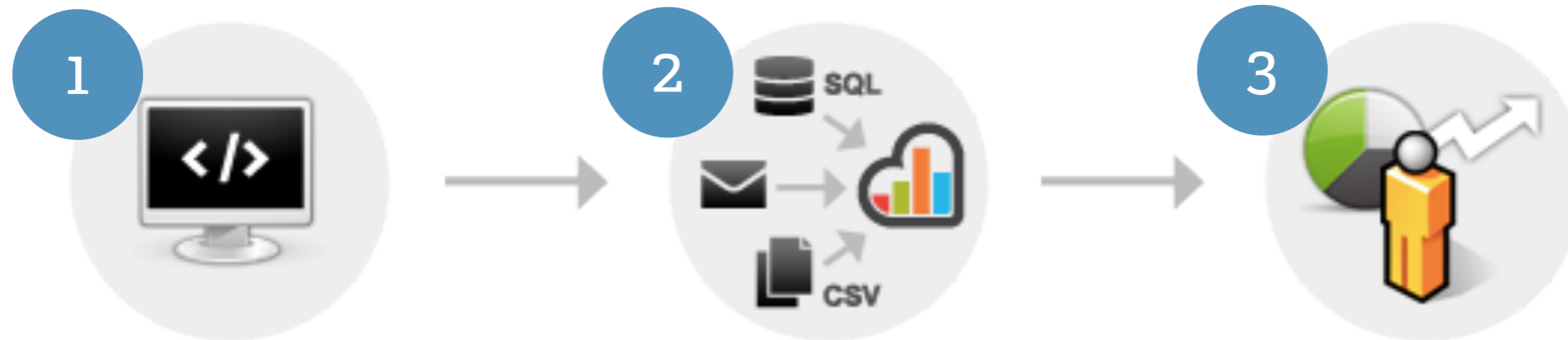
1

Copy & paste KISSmetrics' tracking code to track website visitors.

2

SQL

CSV

Combine this activity data with other data sources such as billing systems, internal databases, offline data, email lists, mobile apps, and more.

3

KISSmetrics connects the dots and creates 360º profiles for every person who has ever touched your business.

3 Types of Data in KISSmetrics

- Customer ID
- Events
- Properties
  - Values
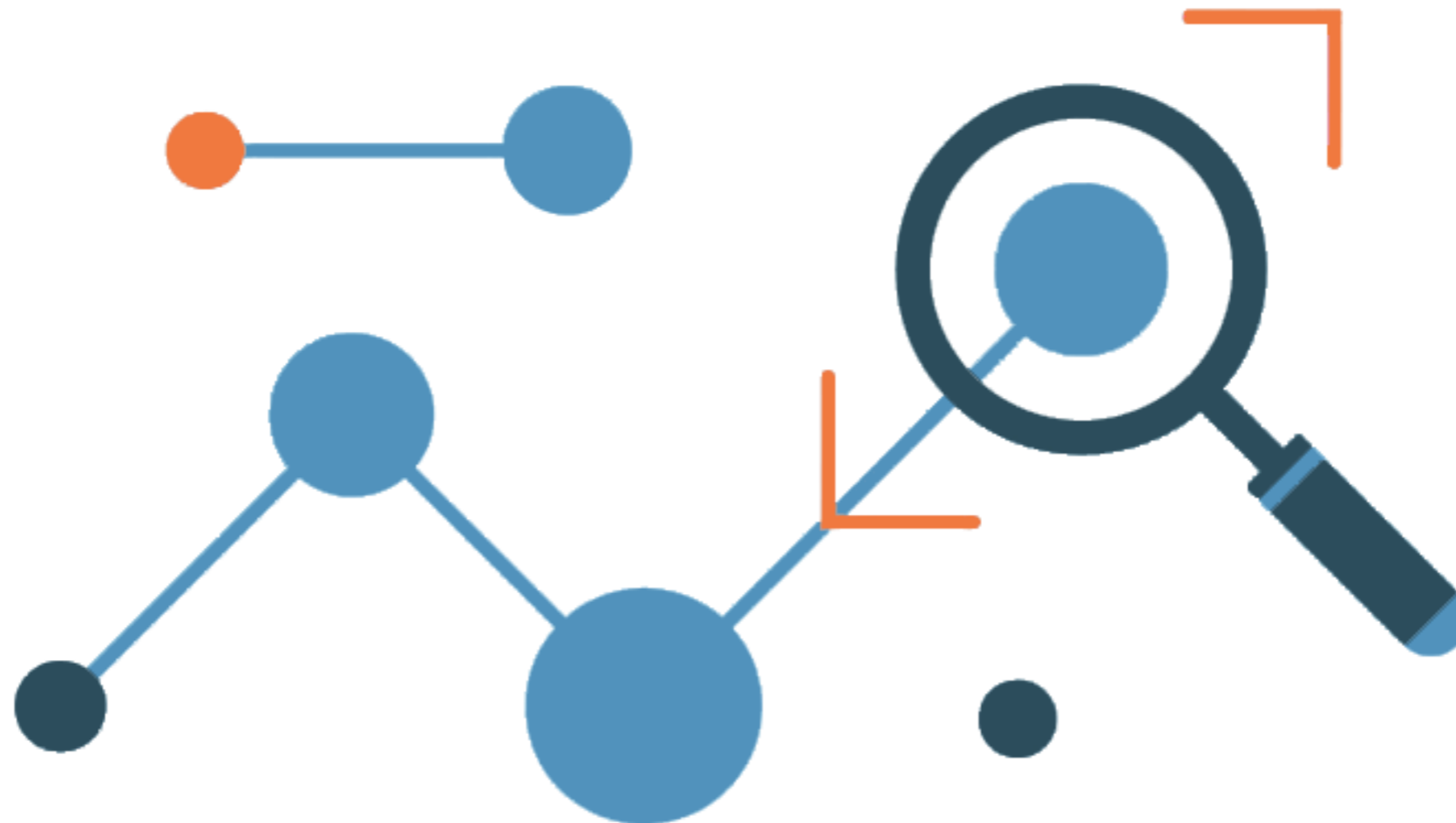
Example: Joe signs up for a startup plan

- Customer ID = joe@smith.com
- Events = Signup
- Property = Subscription plan and the value is startup plan

Demo Time

Action and Accountability

- Make it actionable
- Make it measurable
- Make someone accountable
- and always KISS :)

# Resources:

Live, learn and succeed

- http://blog.hubspot.com/

- http://moz.com/blog

- http://blog.kissmetrics.com/

- http://inbound.org/

- http://blog.kissmetrics.com/marketing-guides/

- http://blog.kissmetrics.com/webinars/

- Google, Google, Google!!

A/B Testing

What is A/B testing?

- Experiments
- Comparison of more or more different variations
  - Testing based on statistics
  - Learn more about the math behind A/B testing
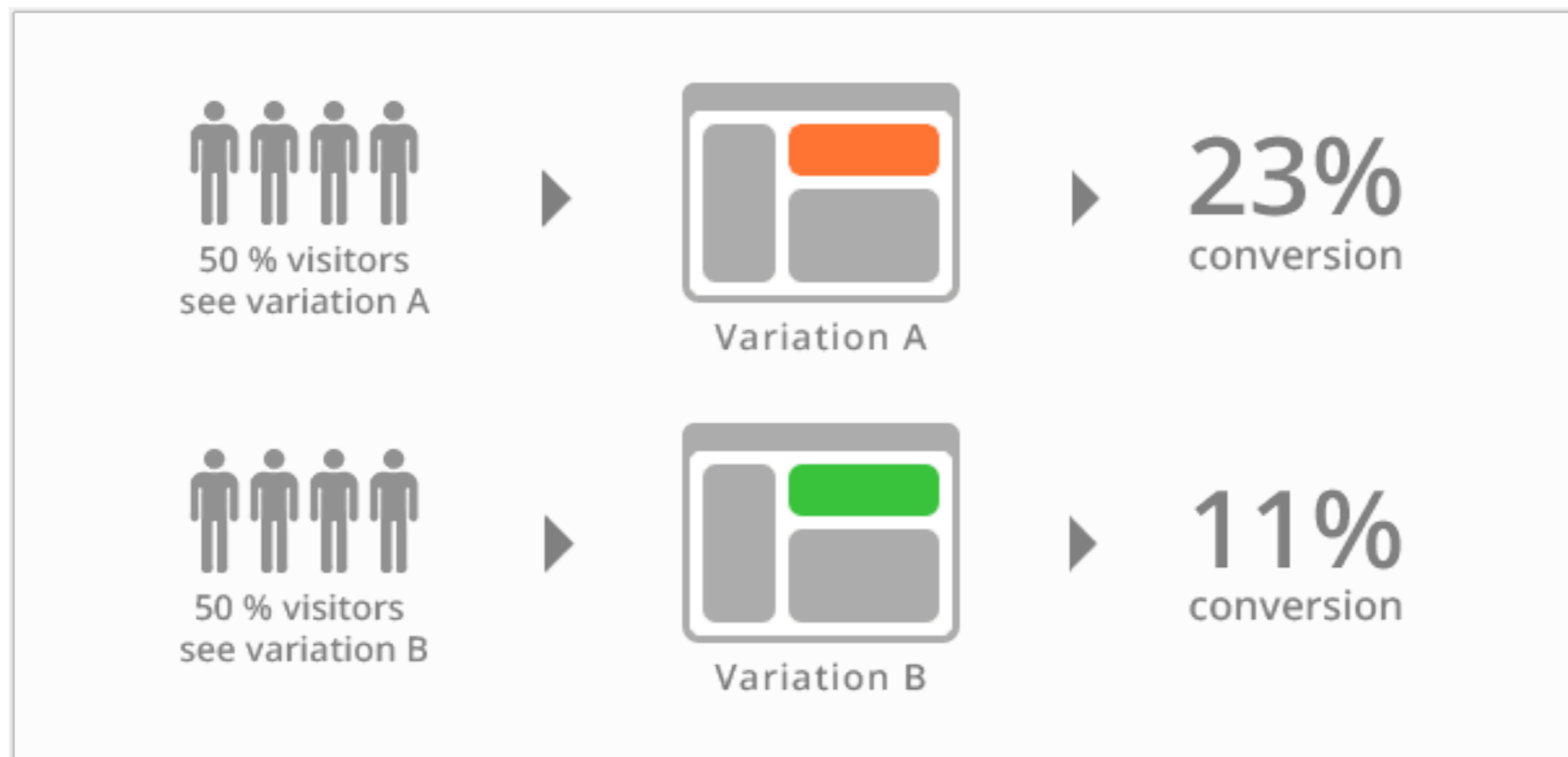
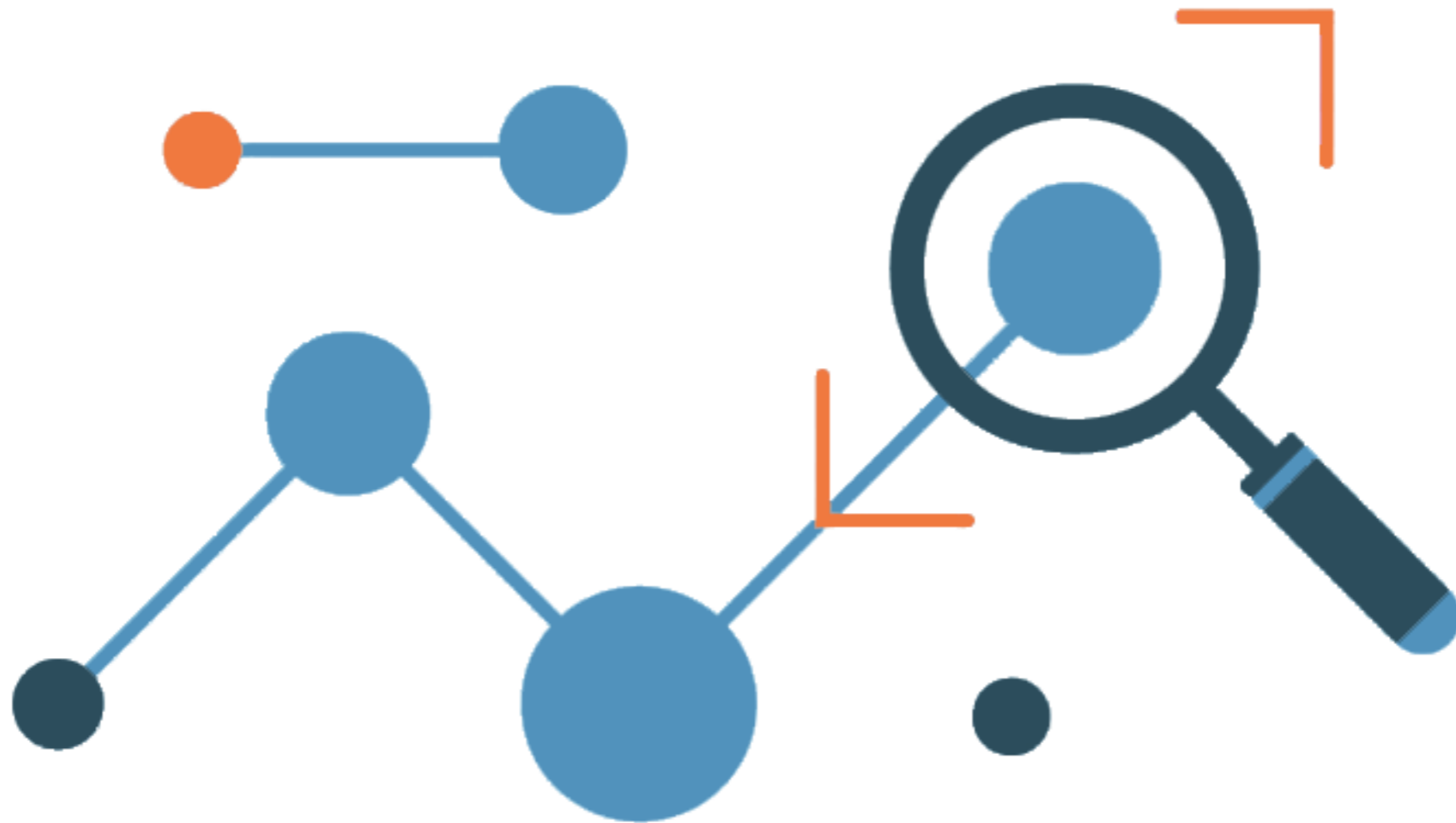# What is A/B testing?

- Use a tool
- Build it yourself

Why do we A/B test?

Why do we A/B test?

To Learn and to Optimize

So where do we start?

Let's talk about what not to do...

Don't test what's easy, test what matters!
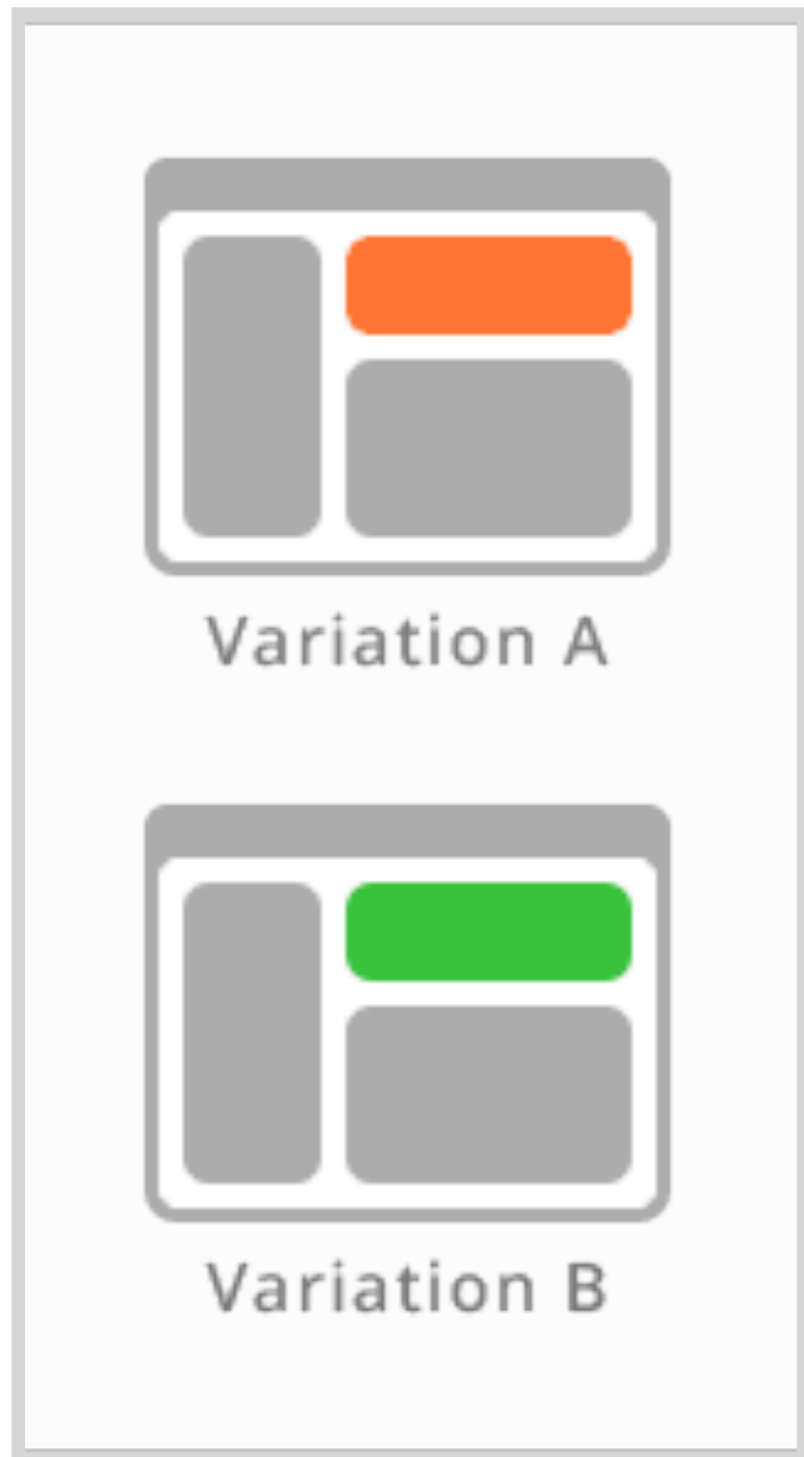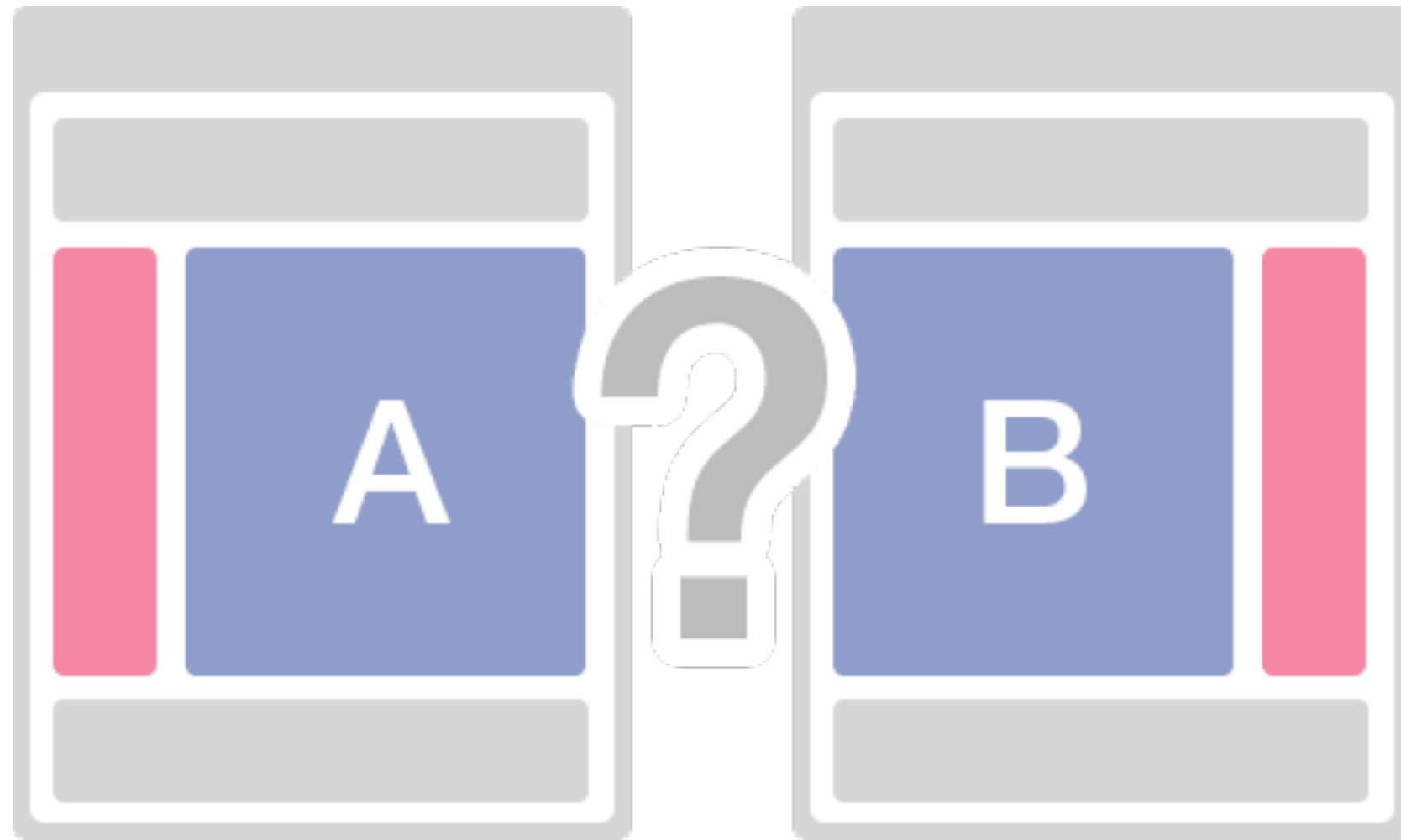
Button color, words, etc.

Variation A

Variation B

Button color, words, etc.
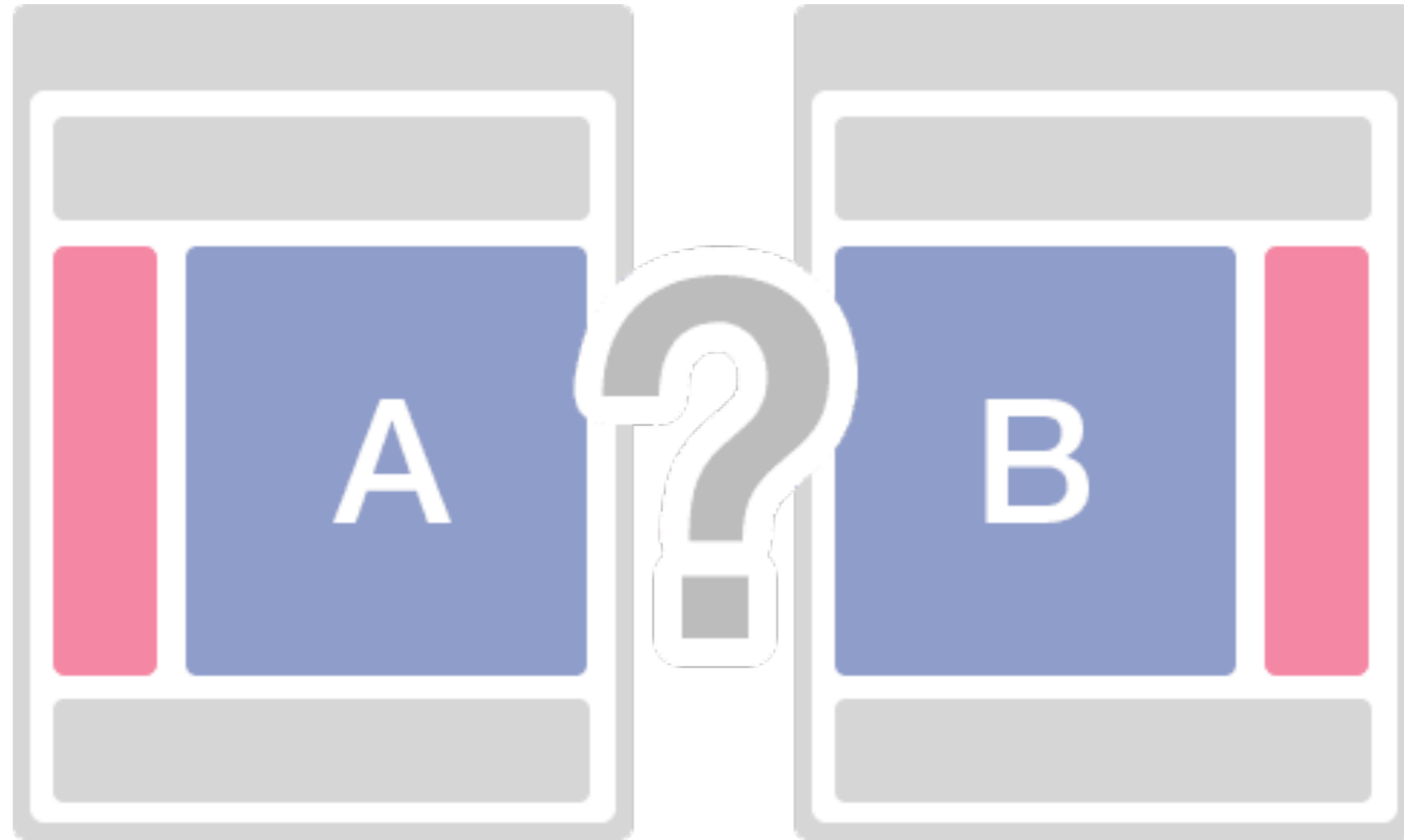

Variation A

Variation B

- Small test take a long time to become significant

- Small Test yield small results

- Small test have a high opportunity cost
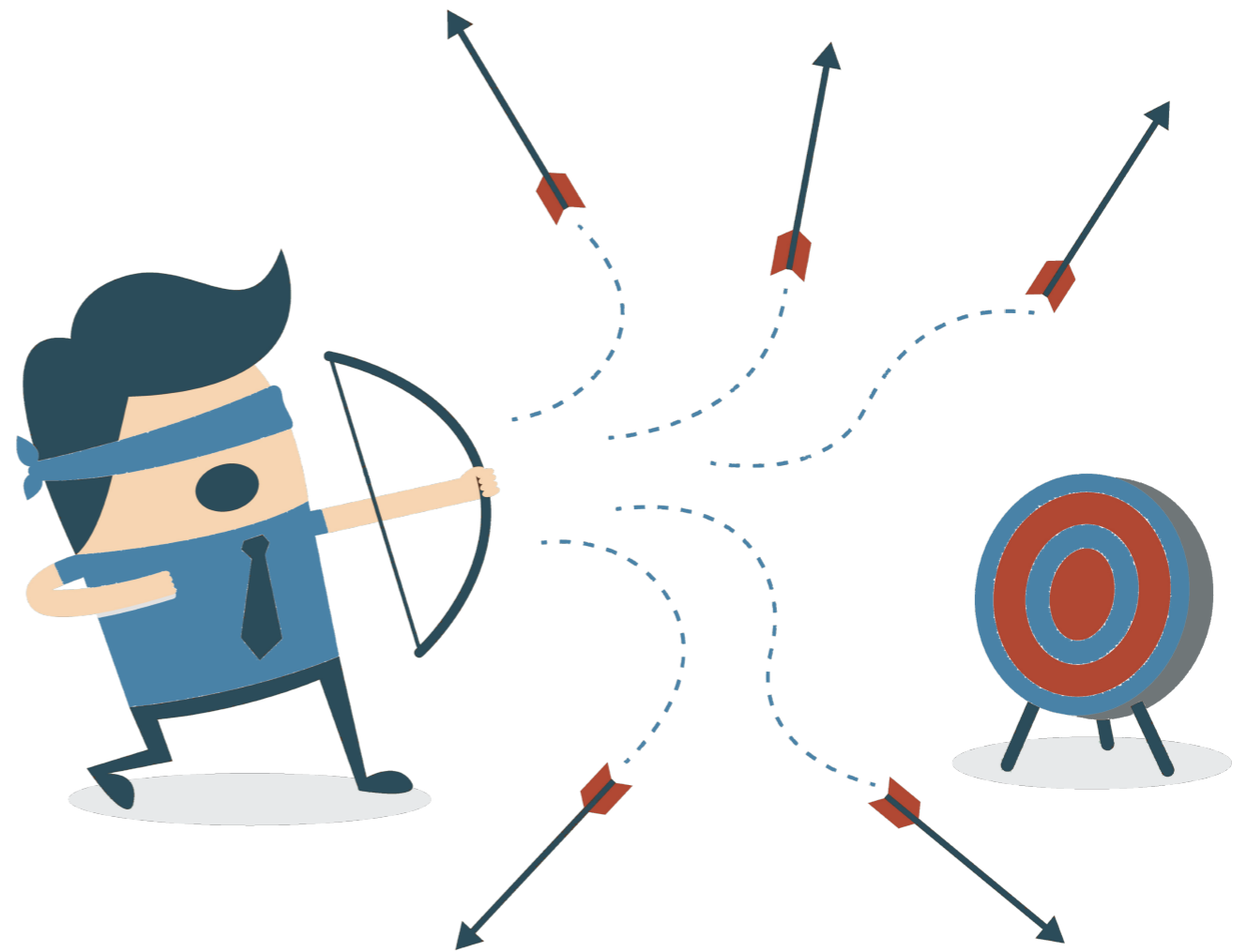
Layout

Layout

- Simple test take a long time to become significant

- Simple Test yield small results

- Simple test have a high opportunity cost

Testing framework

How can we make sure to test that which matters the most?

Testing framework

How can we make sure to test that which matters the most?

- Don't test blindfolded

- Do your research

- Priorities your tests

- Learn from your tests

The KISSmetrics framework

- Find out what metric you want to increase

- Collect customer research and data

- Form a hypothesis

- Create a wireframe/mockup and description of the test

- Prioritize the test

  - How many resources will it take and what's the potential impact

- Test and document

Found a big winner?

Time to fine-tune, but only if you have the resources

Make sure you are always testing

KISSmetrics Tests

So how did we raise our homepage conversion rate from 2.85% to 8.71%?

How our homepage evolved, Nov 2013 to Aug 2014

Our conversion rate for Nov 2013

🕐 **Over Time Comparison** for **Nov 1 to Nov 30** vs **Oct 2 to Oct 31**

1.68%	**3.59%**	**2.41%**	**0%**	⊖
DAILY MINIMUM	DAILY MAXIMUM	DAILY AVERAGE	PREVIOUS DAILY AVERAGE	COMPARED TO PREVIOUS PERIOD

Lars - Homepage Conversion Rate for **Nov 1 to Nov 30** was

2.85%

● Nov 1 to Nov 30
● Oct 2 to Oct 31

10%

5%

Nov 1, 2013

Nov 15, 2013

Nov 30, 2013
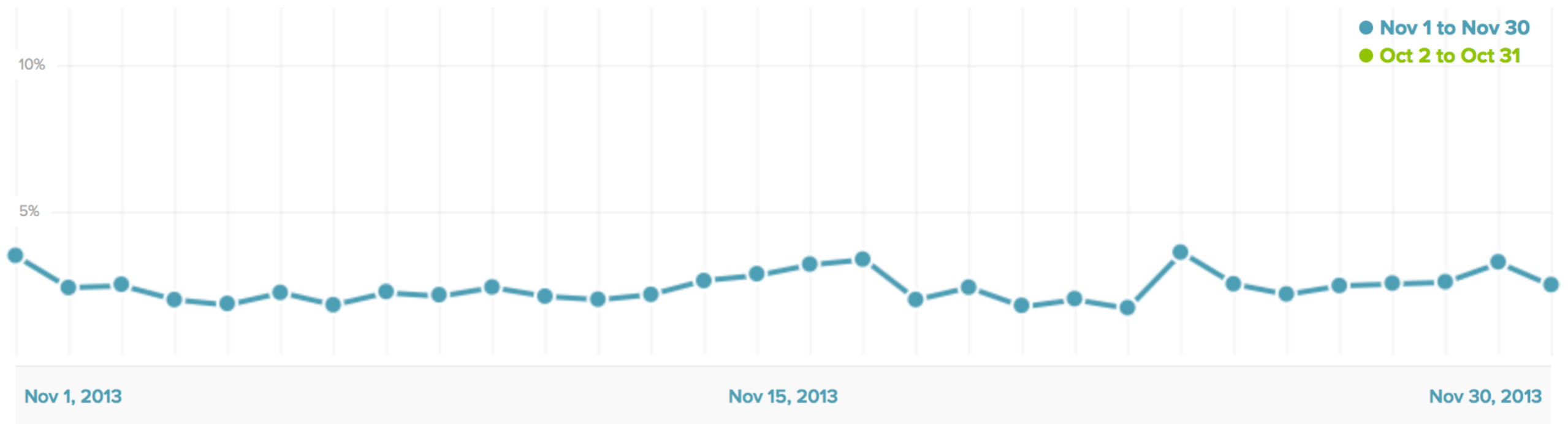
Our conversion rate in July and Aug 2014

🕐 **Over Time Comparison** for Jul 20 to Aug 18 vs Jun 20 to Jul 19

5.25%	**8.60%**	**7.13%**	**5.76%**	⊕ **23.8%**
DAILY MINIMUM	DAILY MAXIMUM	DAILY AVERAGE	PREVIOUS DAILY AVERAGE	COMPARED TO PREVIOUS

Lars - Homepage Conversion Rate for Jul 20 to Aug 18 was
8.71%

● Jul 20 to Aug 18
● Jun 20 to Jul 19

10%

5%

Jul 20, 2014   Aug 3, 2014   Aug 18, 2014
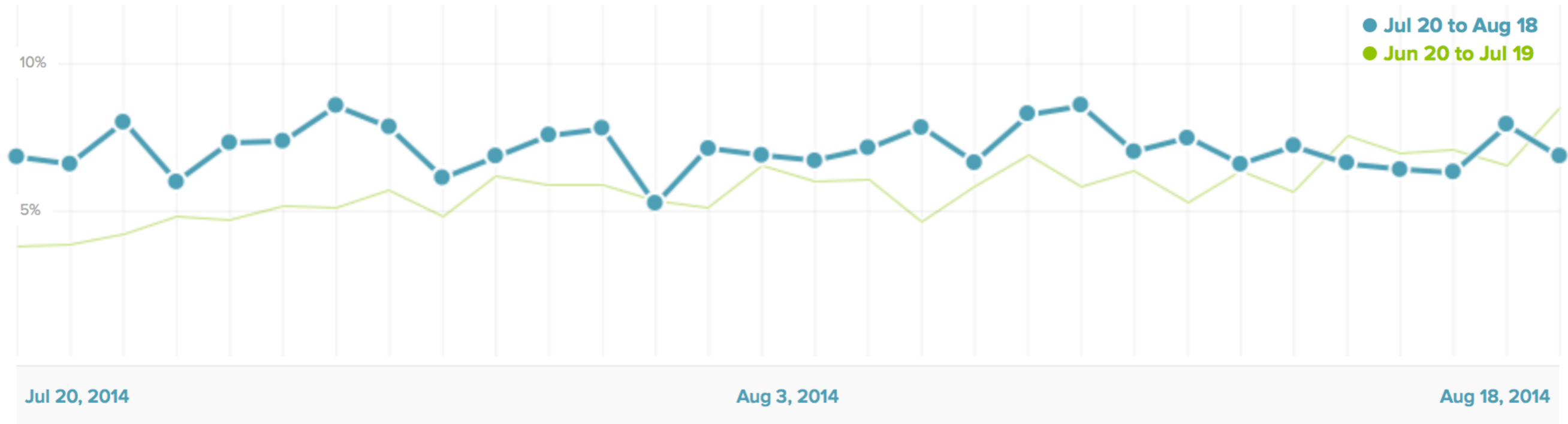
This change didn't happen all at once.

It took consistent, relentless, back-to-back A/B testing.

The 13 homepage tests we've done since Nov 2013

Let's look at the big winners.

Minimalist homepage with Google authentication
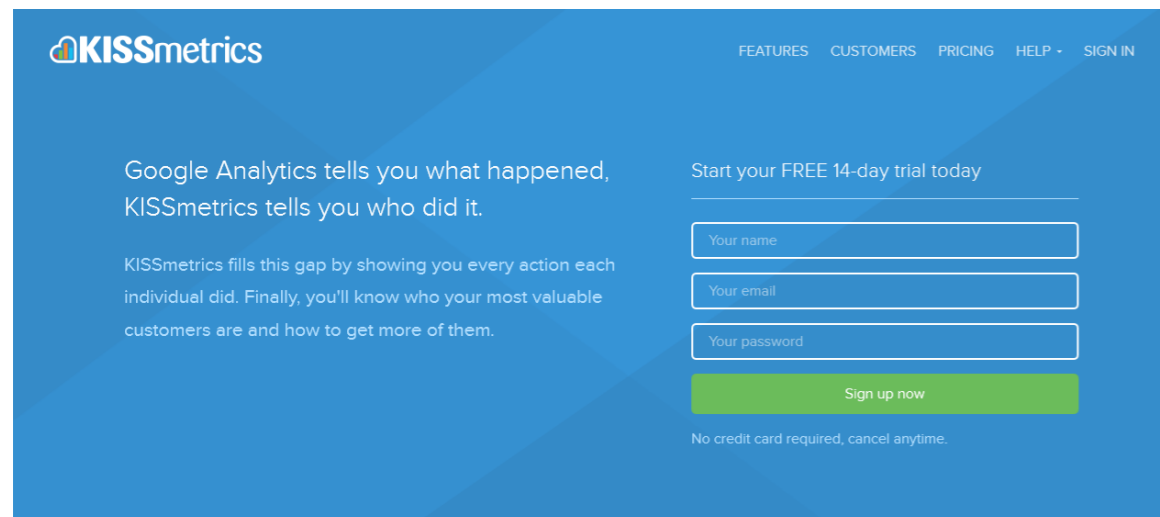
Control
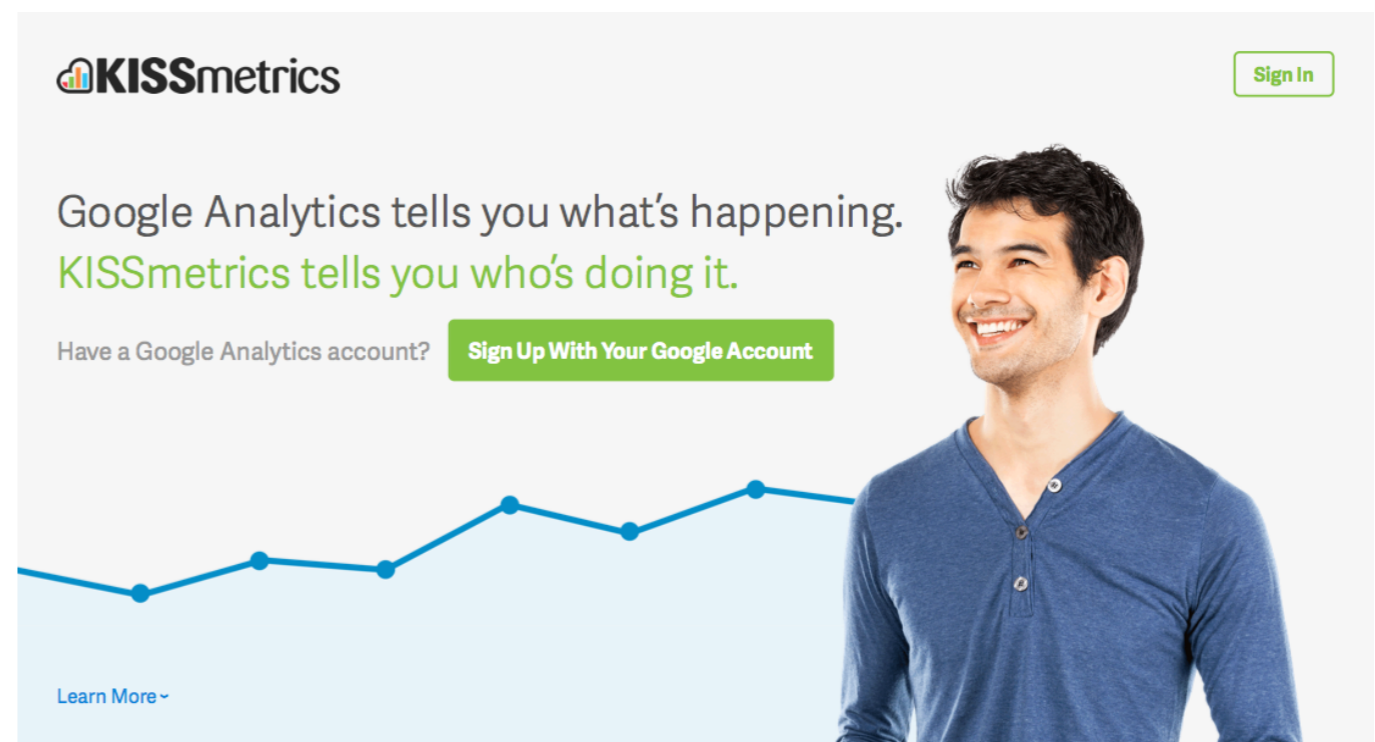
Variation

Minimalist homepage with Google authentication results

Minimalist homepage with Google authentication results

Experiment variations	People	Conversions	Average conversion	Improvement	Certainty
Original	5,171	175	3.38%	–	–
🏆 Variant-OAuth	5,168	250	4.84%	42.94%	99.99%

A 42.94% winner at 99.99% certainty.

Adding a URL field
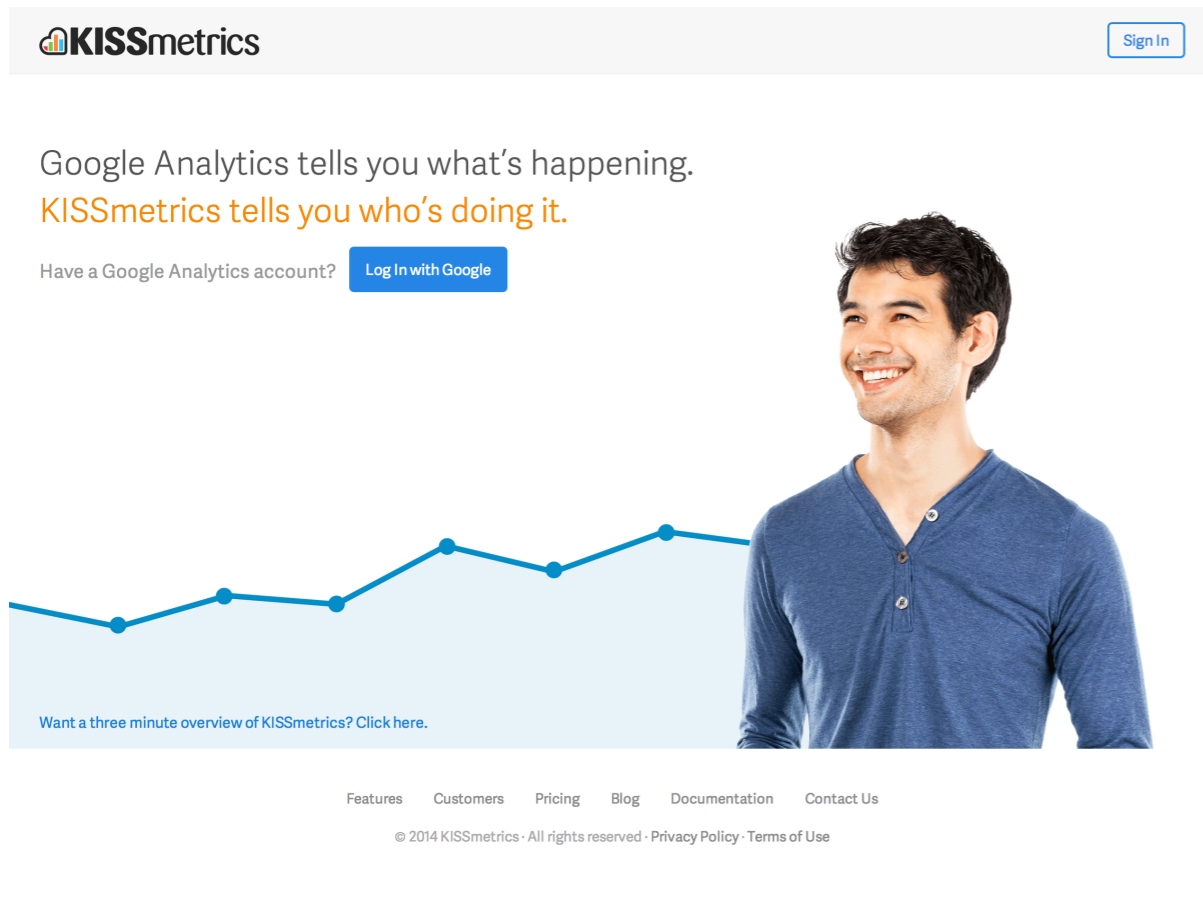
Control

Variation

URL field results
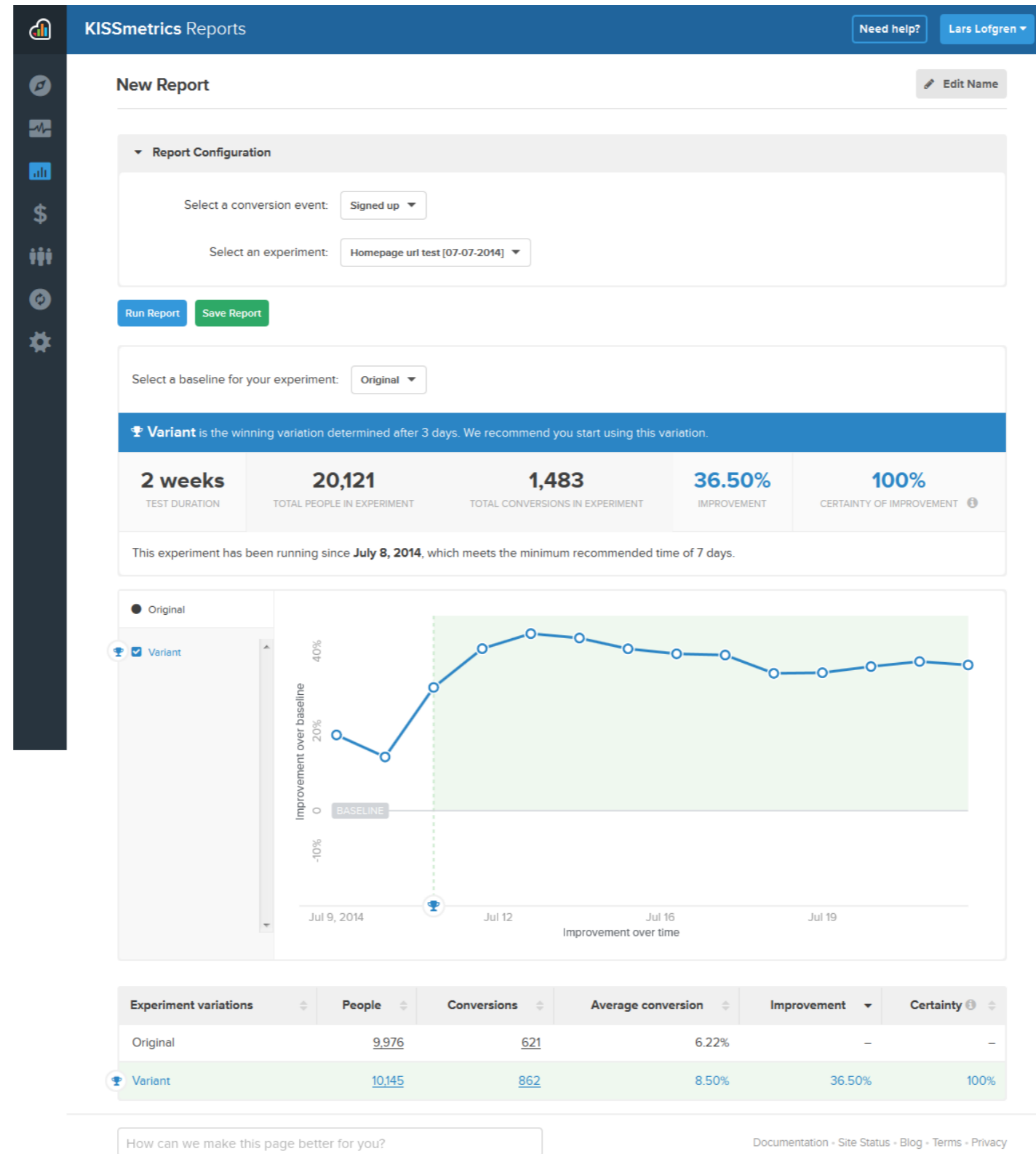
URL field results

Experiment variations	People	Conversions	Average conversion	Improvement	Certainty
Original	9,976	621	6.22%	–	–
🏆 Variant	10,145	862	8.50%	36.50%	100%

A 36.50% winner at 100% certainty.

The KISSmetrics A/B Testing Workflow

1. Build your test in Optimizely

2. Tell Optimizely to use KISSmetrics

3. Let your test run for 1-2 weeks

4. Use the KISSmetrics A/B Test Report

5. Launch the variant if you hit 99% certainty

6. More tests = higher conversions

1. Build your test in Optimizely

2. Tell Optimizely to use KISSmetrics for tracking

3. Let your test run for 1-2 weeks, get to 2000 people

4. Use the KISSmetrics A/B Test Report

New Report   ✏ Edit Name

▼ **Report Configuration**

Select a conversion event: Signed up ▼   **The event you want to optimize for**

Select an experiment: Oauth home page test 01-08-2014 ▼   **The KISSmetrics property used to track the test**

Run Report   Save Report

This takes 30 seconds and I completely trust the data

5. Launch the variant if you hit 99% certainty

🏆 **Variant** is the winning variation determined after 3 days. We recommend you start using this variation.

2 weeks	**20,121**	**1,483**	**36.50%**	**100%**
TEST DURATION	TOTAL PEOPLE IN EXPERIMENT	TOTAL CONVERSIONS IN EXPERIMENT	IMPROVEMENT	CERTAINTY OF IMPROVEMENT ℹ

This experiment has been running since **July 8, 2014**, which meets the minimum recommended time of 7 days.
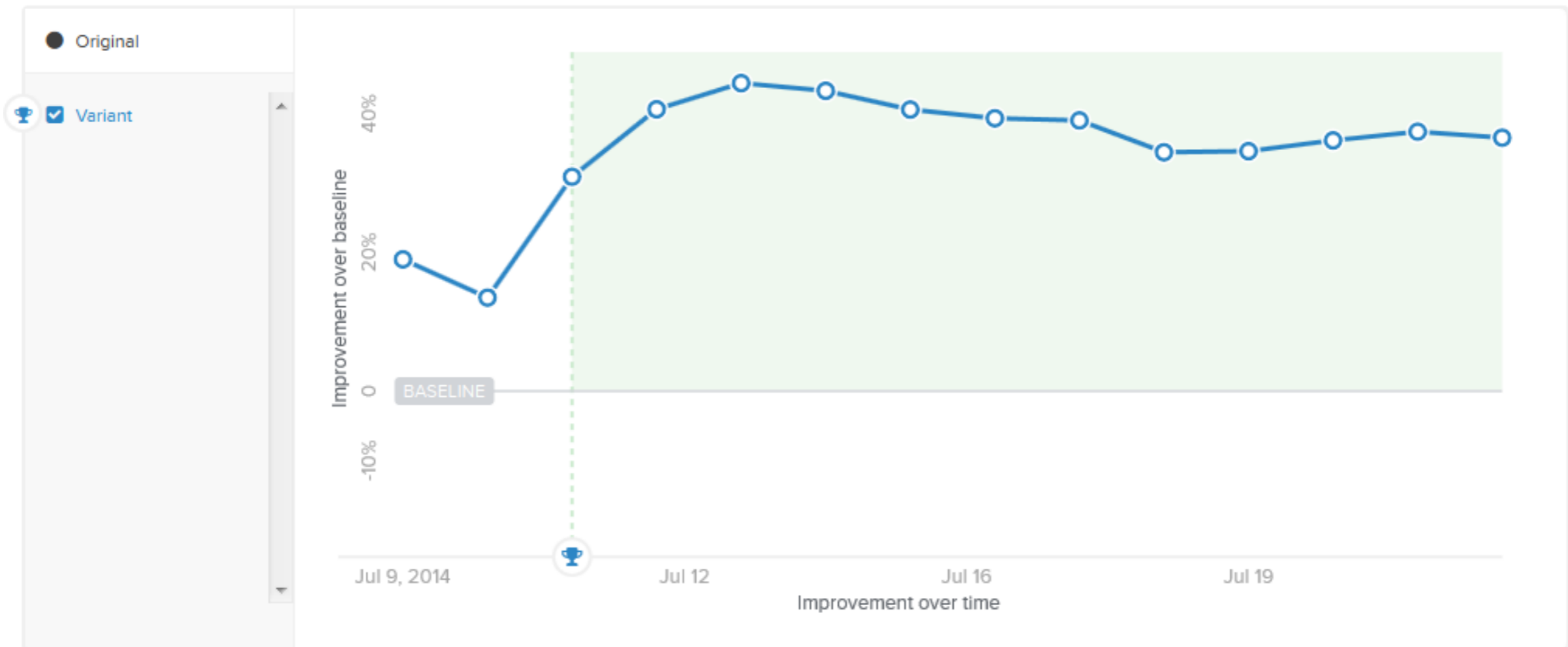
Why not just use the Optimizely reports?

1. Based on visitors, not people

2. We run A/B tests with multiple tools

3. Can slice and dice into all other data

The A/B Test Report works great for multivariate tests

🏆 **Variant-a** is the winning variation determined after 2 weeks. We recommend you start using this variation.

1 month	12,937	439	21.70%	95.87%
TEST DURATION	TOTAL PEOPLE IN EXPERIMENT	TOTAL CONVERSIONS IN EXPERIMENT	IMPROVEMENT	CERTAINTY OF IMPROVEMENT ⓘ

This experiment has been running since **April 15, 2014**, which meets the minimum recommended time of 7 days.
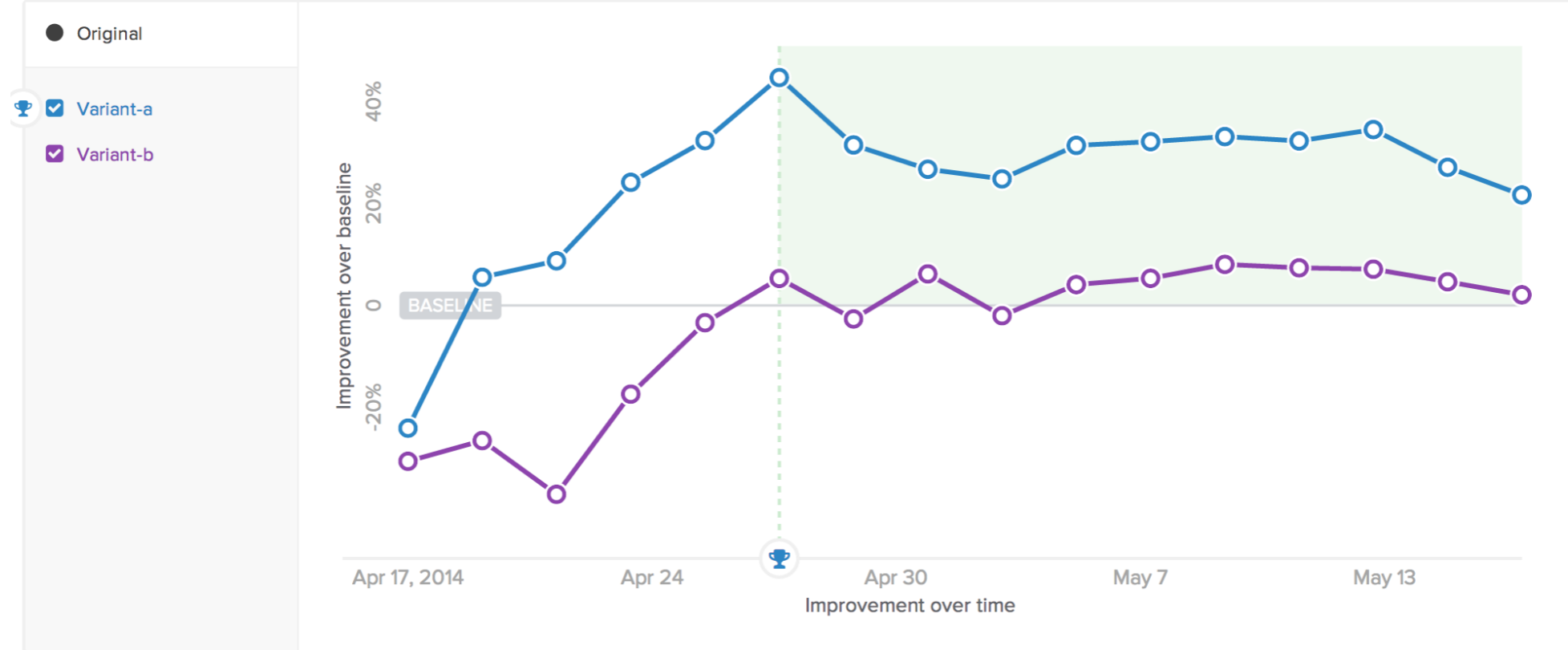
- ● Original
- ☑ Variant-a
- ☑ Variant-b

Improvement over baseline

Improvement over time

Experiment variations	People	Conversions	Average conversion	Improvement	Certainty ⓘ
Original	4,417	139	3.15%	–	–
🏆 Variant-a	4,256	163	3.83%	21.70%	95.87%
Variant-b	4,264	137	3.21%	2.10%	57.11%

Where should we start testing?

The biggest barriers are also your biggest opportunities.

Find the step in your funnel that people struggle with the most.

Track your acquisition steps with KISSmetrics Funnels
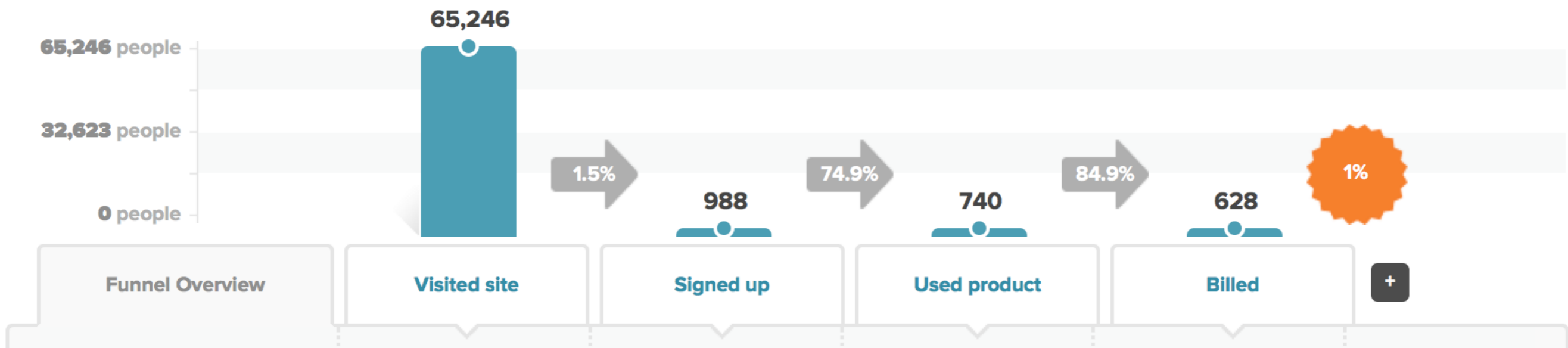
Which step has the biggest drop-off?
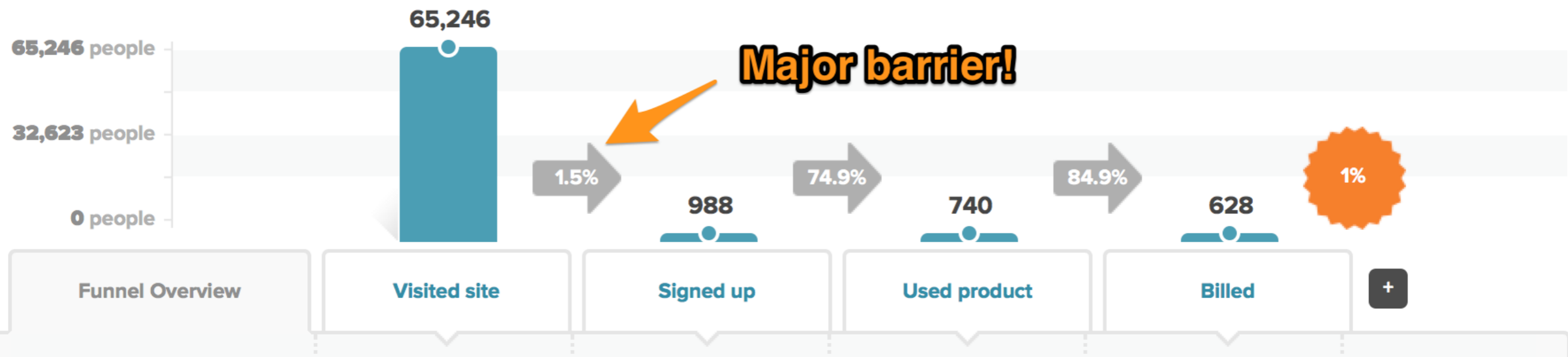
Here's an ecommerce example:

March 21, 2014 - April 4, 2014   Edit Report ▾

Major barrier!

23,337 people

11,669 people

0 people

23,337

6,373

193

72

27.3%   3%   37.3%   0.3%

Funnel Overview   Visited site   Viewed product page   Started checkout   Purchased   +

#KISSwebinar
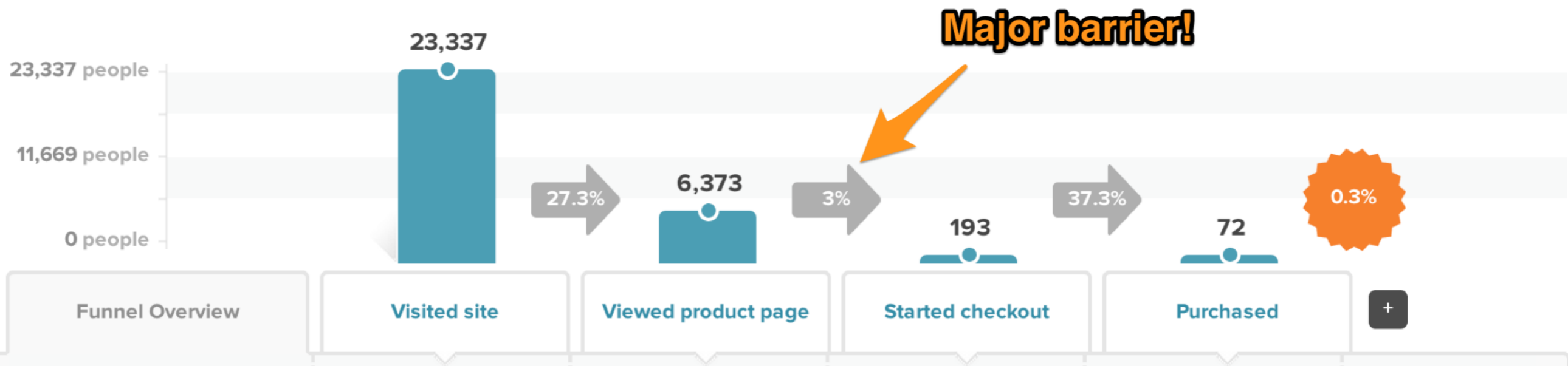
When you find a major barrier, focus your testing at that step.

Where to find ready and willing customers?

The KISSmetrics Revenue Report segmented by channel

📁 **By Segment** for Apr 1, 2013 to Aug 20, 2014   Show: [First ever ▼]   [Channel ▼]

Channel	Total Revenue	Avg Revenue/Person	Lifetime Value ▾	Paying Customers	Total Churn
Social	636,859	5,586.48	46,329.28	114 people	12.1%
Direct	5,974,064.27	3,740.80	32,534.31	1,597 people	11.5%
Organic	7,239,631.26	3,975.63	29,905.87	1,821 people	13.3%
Referral	2,513,230.95	3,342.06	29,371.12	752 people	11.4%
Email	307,067	4,040.36	27,014.92	76 people	15%
Paid	1,800	900	1,800	2 people	50%

Showing: [15 ⇕] 1 - 7 of 7 ◄ ►

Look for channels with lots of potential

📁 **By Segment** for Apr 1, 2013 to Aug 20, 2014

Show: First ever ▼   Channel ▼

Channel	Total Revenue	Avg Revenue/Person	Lifetime Value ▾	Paying Customers	Total Churn
Social	636,859	5,586.48	46,329.28	114 people	12.1%
Direct	5,074,004.27	740.80		1,597 people	11.5%
Organic	7,239,631.26	3,975.63	29,905.87	1,821 people	13.3%
Referral	2,513,230.95	3,342.06	29,371.12	752 people	11.4%
Email	307,067	4,040.36	27,014.92	76 people	15%
Paid	1,800	900	1,800	2 people	50%

Social has low total revenue but high lifetime value, this is a great channel for growth.

Showing: 15 ⬍   1 - 7 of 7   ◄ ►

Keep growing your reliable channels

📁 **By Segment** for Apr 1, 2013 to Aug 20, 2014   Show: [First ever ▾]   [Channel ▾]

Channel	Total Revenue	Avg Revenue/Person	Lifetime Value ▾	Paying Customers	Total Churn
Social	636,859	5,586.48	**46,329.28**	114 people	12.1%
Direct	5,974,064.27	3,740.80	**32,534.31**	1,597 people	11.5%
Organic	7,239,631.26	3,975.63	**29,905.87**	1,821 people	13.3%
Referral	2,513,230.95	3,342.06	**29,371.12**	752 people	11.4%
Email	307,067	4,040.36	**27,014.92**	76 people	15%
Paid	1,800	900	**1,800**	2 people	50%

Solid channels with valuable customers, keep growing these

Showing: [15 ▾] 1 - 7 of 7 ◄ ►

Check ROI on weaker channels, drop if needed

By Segment for Apr 1, 2013 to Aug 20, 2014   Show: First ever ▾   Channel ▾

Channel	Total Revenue	Avg Revenue/Person	Lifetime Value ▾	Paying Customers	Total Churn
Social	636,859	5,586.48	46,329.28	114 people	12.1%
Direct	5,974,064.27	3,740.80	32,534.31	1,597 people	11.5%
Organic	7,239,631.26	3,975.63	29,905.87	1,821 people	13.3%
Referral			29,371.12	752 people	11.4%
Email	307,067	4,040.36	27,014.92	76 people	15%
Paid	1,800	900	1,800	2 people	50%

Showing: 15 ▾   1 - 7 of 7   ◀ ▶

Email isn't as good as others. Check to see if you have a positive ROI before trying to grow it

#KISSwebinar

Identify channels that need more testing

Channel	Total Revenue	Avg Revenue/Person	Lifetime Value ▾	Paying Customers	Total Churn
Social	636,859	5,586.48	**46,329.28**	114 people	12.1%
Direct	5,974,064.27	3,740.80	**32,534.31**	1,597 people	11.5%
Organic	7,239,631.26	3,975.63	**29,905.87**	1,821 people	13.3%
Referral	2,513,230.95			752 people	11.4%
Email	307,067	4,040.36	**27,014.92**	76 people	15%
Paid	1,800	900	**1,800**	2 people	50%

Almost no data on paid, needs more testing before making a decision

By Segment for Apr 1, 2013 to Aug 20, 2014

Show: First ever ▾   Channel ▾

Showing: 15 ⬍ 1 - 7 of 7 ◄ ►

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To accelerate growth, find great channels and acquisition barriers. Then run lots of tests.

Resources:

Live, learn and succeed

- http://blog.optimizely.com/

- https://vwo.com/blog/

- https://analyticsacademy.withgoogle.com/explorer

- http://blog.hubspot.com/

- http://moz.com/blog

- http://blog.kissmetrics.com/

- http://inbound.org/

- Google, Google, Google!!

THANK YOU

Thue Madsen

tmadsen@kissmetrics.com