smh.com.au
The Sydney Morning Herald
MySmallBusiness

Startup | Growing | Managing | Franchising | Trends | Entrepreneur | Marketing | Finance | Tech | Resources | Blogs ▾ | Compare & Save ▾

You are here: Home » Small business » Managing » Enterprise » Blog »

Search here...   Small business   Search

Enterprise
More Enterprise entries

Start a conversation
You're the only person reading this now. Tell your friends
Be the first to comment on SMH.

f Recommend
🐦 Tweet 13

Latest Blog Entries

❝ ... you may be torn between two different names for a new product. In the past, extensive face-to-face market research would be done to determine if consumers had a preference of one over the other. However, you can perform similar research with split testing online. ❞

Related Coverage

Read your customers' minds

December 22, 2011

★ Read later | Be the first to comment

Don't have a crystal ball? There are other ways to predict the future. *Photo: Phil*

Wouldn't it be great if you could read the minds of your customers? Sometimes, I wish I had the entrepreneurial equivalent of a crystal ball which would reveal to me the products/services that would be hits - and the ones that I should never have bothered investing time and money into.

While this crystal ball is unlikely to make an appearance any time soon, savvy business owners are doing the next best thing - gaining an insight into the behaviour and preferences of their customers with online split testing.

So what is split testing?

This is where you test two different versions of a webpage or advertisement or product name to see which is the most popular with your potential customers. Two platforms where you can conduct these simple tests are Google AdWords and Facebook advertising.

For example, you may be torn between two different names for a new product. In the past, extensive face-to-face market research would be undertaken to determine if consumers had a preference of one over the other. However, you can perform similar research with split testing online.

That's exactly what Melbourne business Freedom Dental did this year. Marketing director Katie Koullas was responsible for rebranding the business this year including a new business name, logo and a shift in its target audience.

Koullas says: "We heavily relied on Facebook and AdWords as tools to measure consumer opinions and market research new business name/logo options. We ultimately wanted to discover if our preferred logo and branding spoke to our desired audience and if it translated into a 'like.'"

Compare & Save

Deals | Compare | Popular   « 9 of 9 »

Mobile phone deals in the market...

Virgin Mobile	111 Deals	▬▬▬▬▬
Optus	72 Deals	▬▬▬
Vodafone	67 Deals	▬▬▬
Dodo	0 Deals	

Deals powered by WhistleOut   whistleOut

Latest Videos
Winning Through Video   More video

PLAY

Keeping it in the family
Five generations on, Tyrrell's is a thriving family business pursuing long-term visions unfettered by the need for short term dividends.

PLAY   PLAY   PLAY
Creating pearl perfection   Akubra: tried and true   Rocky road to success

Blogs
DRESSING UP TO AVOID A ...

❝ What's the point of casual Fridays? And what customer ... ❞

Posted in: The Venture
Date: Dec 20, 2011, 3:09PM

⏮ ⏸ ⏭

Featured advertisers

Instant feedback

Koullas adds that Facebook allowed her to target her audience very specifically, based on traditional demographic models such as age, gender and sex. In other words, if you only want to target prospective customers that are 18 to 35 males who live in Melbourne with an interest in movies, you can ensure that your Facebook ads only to appear to this group of users.

Therefore, you're getting feedback exactly from the demographic you want to appeal to. "It also allowed us to get real,honest feedback instantly," says Koullas.

"We achieved higher 'likes' when we used images relating to our niche, what makes us different to other dentists.

"For example we are a dental spa, and appeal to those who desire a relaxing and comfortable dental experience. When using brand images such as candles we achieved higher connections in comparison to traditional images of toothbrushes and so on.

"Furthermore, when playing with different business names options, we found our target audience were aligned to the name 'Freedom Dental' compared to a more traditional business name that focused on location, that is, 'Albert Square Dental'.

Koullas spent a total of $2000, split evenly on both Facebook advertising and Google AdWords over the months of July and August in order to test what would appeal to Freedom Dental's prospective customers.

"The ROI was well worth the spend," she says. "It allowed us to self-manage our market research with the click of a button. Rebranding is an expensive exercise and we needed to ensure we were going to inspire our target audience.

"It's a great confidence booster to discover your target audience is giving you the virtual thumbs up. Similarly, our research discovered some advertising did not do as well, for example, using certain images - like dental instruments - did not sit well with our target audience."

Refine your marketing

While split testing worked well in Freedom Dental's rebranding strategy, businesses also use it to refine the words used in specific marketing campaigns.

Jo Ucukalo is CEO of Handle My Complaint, an Australian company specialising in resolving consumer complaints. Established 19 months ago, Ucukalo used Google AdWords to determine which keywords repelled customers. These are called "risk reducers", that is, the words used that reduce the likelihood that users will NOT convert to customers.

"Our testing revealed that statements informing that we charge on a success basis are our greatest risk reducers," says Ucukalo. "The statement 'If we don't win, we don't charge' had the highest conversion rate of all assertions tested, hence we've incorporated that statement within our website and marketing material."

Ucukalo also discovered that ads using the phrase "we'll resolve your complaint" had a whopping 60 per cent higher conversion rate compared with the phrase "we'll sort your complaint". She spent $4200 on split testing over a four month period this year.

Naming new products and services

This method is also useful when determining the likely uptake of new products and services. Webjet has long been known as a portal for consumers to book airline flights. However, before it launched another site specifically for booking hotels, managing director John Guscic says that a decision had to be made on what to call the site.

"We wanted to ensure we had the most compelling offer in the marketplace," he says. "We had two choices: whether to build on the existing brand strength of Webjet or whether we build an alternative brand."

The two choices were "Webjet Hotels" or "LotsOfHotels". As "Webjet" is already an established brand in the Australian marketplace, it didn't take a rocket scientist or too much split testing to find out that an advertisement featuring the brand "Webjet" was going to get more clickthroughs that an advertisement with the unknown brand of "LotsOfHotels".

However, Guscic points out that once users clicked through, the respective sites were identical in everything - colour, look, feel, fonts, image and so on - with the exception of the name.

"Nevertheless, there was a 38 per cent higher conversion rate on Webjet Hotels than LotsOfHotels," he says.

"We also discovered that the average booking value on Webjet Hotels was one third higher than LotsOfHotels. So, not only were people buying more stuff, they were buying more expensive stuff. Ultimately, we sold four times as much in value on Webjet Hotels than LotsofHotels."

Guscic says the tests were done using Google AdWords over a one week period in May, then again in July. He says that each metric was consistent across both testing periods.

"We used AdWords because it's the largest source of transactional conclusions you're likely to get in the Australian marketplace," says Guscic.

The test is particularly powerful because it's measured on the success or failure of a consumer's purchase. In other words, consumers don't just "click through" or "like" a Facebook page, they actually buy, which is the truest indication of whether the advertisement is going to convert to sales.

It's an approach that Guscic and his team apply religiously on any changes to the website or brand.

"AB testing is just a core part of our DNA," he says. "Nothing gets released on the main site until it gets tested." He is referring to anything from colours, buttons, fonts and marketing messages.

Unlike the first two businesses, Webjet invested more in the testing process, spending "tens of thousands of dollars". Compared to the company's reported turnover in excess of $600 million, this is small change.

However, it's not about the amount you spend that's important. It's ensuring that you get a statistically significant sample.

The right way to test

According Philip Shaw, it's a matter of timing. Shaw is director of Clever Clicks, an online marketing and Google AdWords agency.

"Make sure your ads run for long enough to be statistical significant," says Shaw. "Otherwise you may draw your conclusions too early. You could use excel or a tool like www.splittester.com. A simple rule of thumb is for the ads to get at least 30 clicks.

"You can set up two ads to compete with each other, or many more competing ads if you like, but then you will have to wait longer to reach statistical significance."

Shaw warns against changing too many variables in your ads.

"It's very important to only change one variable in the ad so you know what has caused the increase or decrease," he says.

"If you are not measuring a specific action on the landing page then the click through rate is a good measure of success. However, if you measuring signups or downloads, then the conversion rate is more important then clickthrough rate. So an ad with a higher click through rate may be getting a lower conversion rate. So get clear on your metrics before you start."

He also points out that if you are running multiple tests over different time periods, this could skew results. "Different days of the week for example could get different results," he says.

Ultimately, a crystal ball may still seem like an appealing option. But the reality is that split testing probably offers more valuable insight into the behaviour and preferences of your customers.