Heap

The SaaS Guide to Conversion Rate Optimization (CRO)

Sign In

Account

Renewal

Online Forms

Aquisition
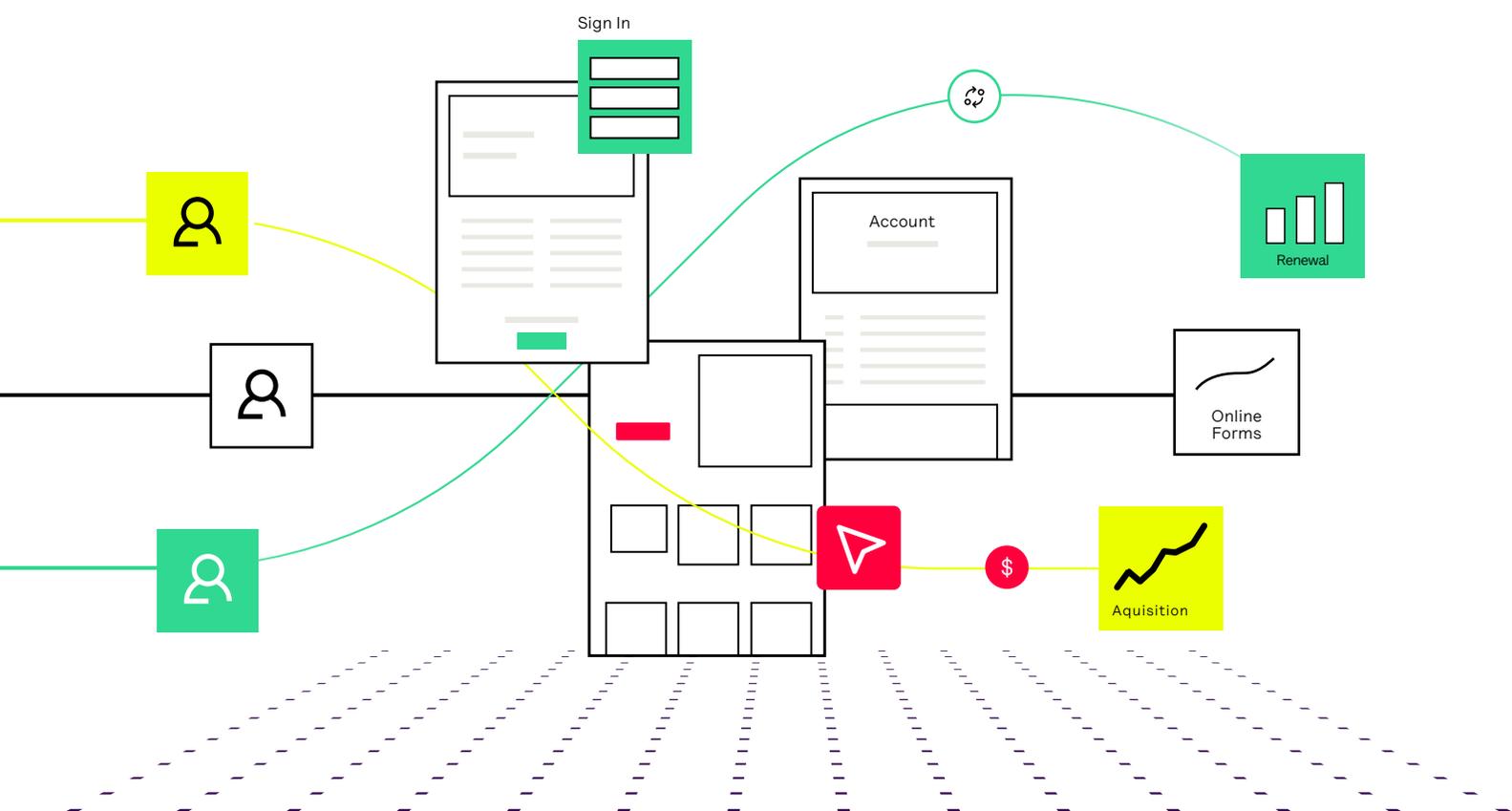
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SECTION 1

So You've Decided to Improve Your CRO (SaaS edition)

You probably downloaded this ebook because you are responsible for increasing conversion in some area of your website or digital product. Or maybe across the whole thing!

In this ebook, you will find ways to **justify CRO to outside players, significant details on how to increase CRO for your SaaS business, and a step-by-step guide to conversion rate.**

As you know, the main goal of CRO is to help more users get to your conversion event, and to encourage more of them to actually convert. For most SaaS companies, the ultimate conversion event is when a visitor to your site, finally decides to try your product, talk to sales, or - if you're lucky - give you money! While you might not be present for the actual event, you can probably feel the mood shift in the entire universe: the birds are singing, the sun is shining.

CRO is what gets you the most out of each of those interactions by maximizing the number of visitors who become users. When you increase conversion, you don't have to bring in more people – you can get more from the viewing numbers you already have. You can also use this information to reduce friction in your product and target the visitors (or free trial users) most likely to convert. Prioritizing CRO will increase engagement and marketing ROI while lowering your acquisition costs.

In short, **by improving CRO you'll have more happy customers signing up, and fewer unhappy customers leaving.** Read on to learn how!

SECTION 2

Why focus on Conversion Rate Optimization (CRO)?

When trying to sell the power of CRO to other people in your organization, it's worth reminding them of all the benefits a strong CRO strategy confers.

1. **All that web traffic doesn't mean much without conversion**
   Lots of teams, especially marketing, invest time into increasing web traffic. But web traffic is only useful to the business if those visitors become buyers.

2. **Spend less on each acquisition and attract more high quality prospects** CRO helps you lower the acquisition cost per customer by enabling you to analyze your site and focus on getting the most out of your qualified traffic. Instead of paying more to attract irrelevant visitors, CRO turns high-quantity traffic into high-quality customers.

3. **Improve visitor experience on the granular level**
   Performing CRO can give you better insight into your visitors' behavior. CRO tools such as funnel and path analyses and session replays put you inside the mind of your prospects, telling you what pages people viewed, where they spent the most time, and why they decided to leave. You can see which points in the customer journey lead to bottlenecks, and which pages perform the best. You can even break these analyses down by audience segment.

4. Increase Retention

An improved experience for all users generates more conversions as well as better brand loyalty. Positive user experiences tend to produce return visits. There are often a glut of websites that sell similar products. Which do customers return to? Most often, the sites that are the most user-friendly.

In SaaS, CRO can be a powerful strategy for getting users to adopt product features they don't currently use, which helps them get more value from your product.

More value equals better retention.

CR % = (# of visitors who convert) / (total # of visitors) * 100

Legend: — 2%   — 3.75%
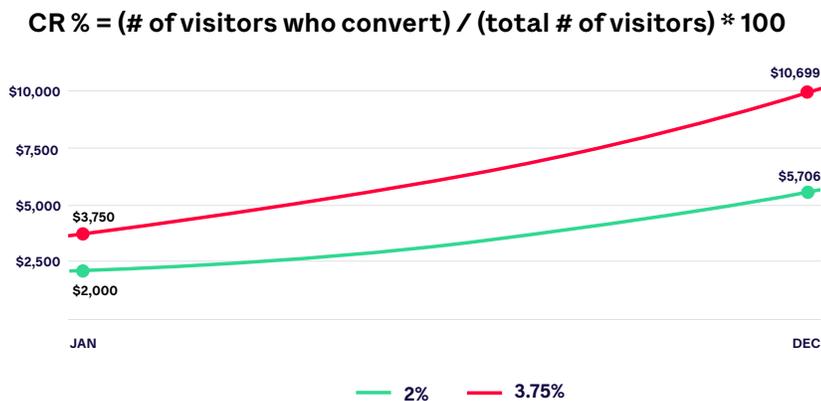
The impact of CRO on revenue. If you're growing traffic/users 10% per month, increasing your conversion rate from 2% to 3.75% will nearly double revenue by the end of the year.

Want to learn more?

Try playing around with our online CRO calculator at www.heap.io/topics/conversion-rate-optimization-for-marketing-product-teams!

With CRO, your visitors get a real sense of the product they're buying a subscription for, which means less frustration on their end when they use the product – and less frustration for you when they end up churning.

CRO for SaaS: Three Key Events

The ideal SaaS customer journey involves your visitors coming back and back and back, until they get to a point where they just don't want to leave.

That said, in general the **big conversions in SaaS tend to organize around three key steps in the customer journey.**

1. Signing up for a free trial of the product, or getting people to talk to your sales team

Responsibility for this conversion usually rests with the marketing team, though the product team can sometimes assist. If you're a marketer at a SaaS company, it's very likely this conversion that you're focused on.

The goal is to show customers how they can get value from your product and get them excited about it. For product-led growth companies, even ones with armies of salespeople, getting people into the free trial is considered the first major acquisition step. In a more complex product or sales process, the conversion event may be "get a demo."

For teams working on this goal, the key things to test are the standard website features: copy, CTAs, flow of information, design, messaging.

2. Converting users from free trial to a paid version of the product

You need to nurture potential customers while they are testing your product and get them over their learning curve as quickly as possible. That's where the money comes from!

Ideally your UX will be intuitive, but good CRO strategies—particularly A/B testing—can be very useful in making sure your customers get value immediately. Depending on your product, in-app guides and chats may be helpful.

Customer segmentation—demographic and behavioral—is also your friend here. By segmenting customers to understand their interests and needs, you can direct your educational content and in-app guidance to best meet their needs.

3. Getting existing customers to renew paid subscriptions

Make sure users are accessing the key features that give them more value. You want customers to get so much value from your product that it becomes something they can't live without. That's how you end up with customers that keep subscribing.

The easiest way is to offer a great product, but SaaS products sometimes contain great features that people rarely use. In-app guides and recommendations can nudge users to explore. Think through your various user flows, and where you might insert new features into them.

SECTION 3

A Systematic Approach to Improving Conversion

Here's a reliable, seven-step process for improving conversion—one that focuses specifically on your needs as a SaaS business.

CRO is like cooking. Start with a reliable recipe, taste, add a few of your own adjustments to change it to your liking, then taste and tweak again. Maybe next time you'll add some tomatoes to bring some freshness to the flavor. Maybe someone you're cooking for (maybe it's you!) hates tomatoes, so you add lemon instead. The goal is constant improvement over time, an ever-changing recipe to draw in a specific palette – sometimes a range of them.

Like cooking, CRO is ultimately a science. You look for ways to improve, gather data from your audience, hypothesize a new way to do things, experiment with your approach, and measure the results. Whether it's cooking for a picky eater or a particular kind of customer, there's always a way to improve.

# 7 Easy Steps for Improving Conversion on Your Site or Product

STEP 1

Figure out your primary conversion events

Primary conversion events vary across industries and depend on context. Before tackling CRO, define what matters most to your team and product.

These events usually mark the end of a series of micro conversions, like "fill out line 14 on this form" or "add item to cart." Marketing teams may also focus on smaller conversion goals outside of the primary conversion path. On a landing page, the conversion goal might be clicking "download whitepaper" or "on-line chat now." Conversion optimization often focuses on improving these micro-conversions, as each can be a potential roadblock to the main conversion event.

Together these granular micro-conversions add up to the large-scale, macro-conversion. That macro- or primary conversion event for SaaS marketing sites is often something like "get a free trial" or "contact sales."

Starting Event

● → ●
Micro Conversions

● ← ● ← ● ← ●
Micro Conversions

● → ● → ●
Micro Conversions

Primary Conversion Event

Primary conversion events usually follow a series of micro-conversions.
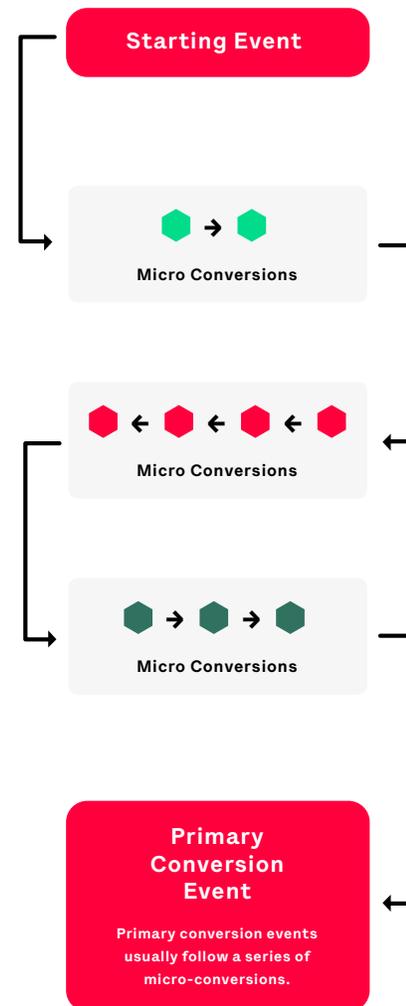
STEP 2

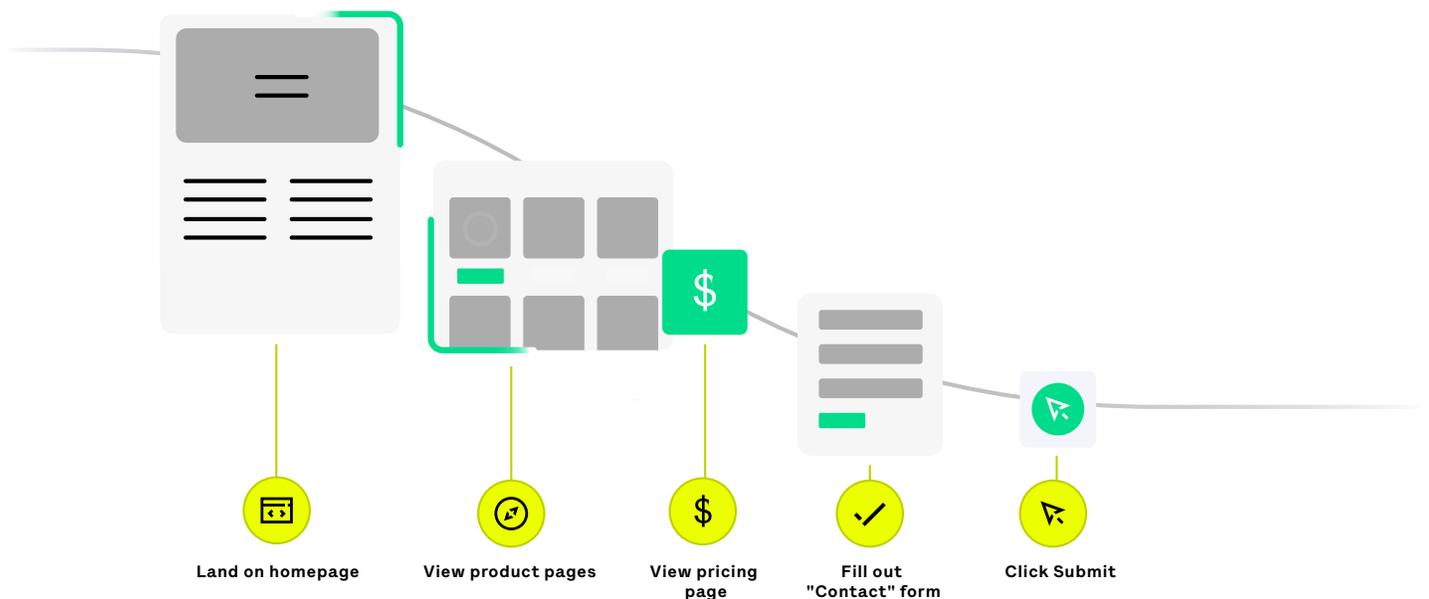# Map the major events in your conversion funnel(s)

After getting clear on what primary event or macro-conversion you hope to produce, map out the steps that lead to it. Create a conversion funnel—it's a great tool to help you create a reliable picture of how a user feels at each stage of their customer journey.

Get tight about the ideal flow that leads your visitors into becoming paying customers.

Your conversion funnel should have between 4 – 6 steps. No less, no more. If you add too many steps it's easy to lose track of the big picture. If you add too few, it's hard to track what users are actually doing.

On a SaaS site, for example, the funnel is often a version of the diagram below.

| Land on homepage | View product pages | View pricing page | Fill out "Contact" form | Click Submit |

STEP 3

Use data science to find the key moments between your major events.

Setting up the perfect user flow can be an immensely gratifying experience. Unfortunately, you also likely know the other unavoidable fact of SaaS life: users never do what you think they'll do.

Dropoff points equal major opportunities. Why? Because they're the moments where visitors tell you *exactly* where they lose interest. If you figure out **why** they leave, you can figure out how they'll stay.
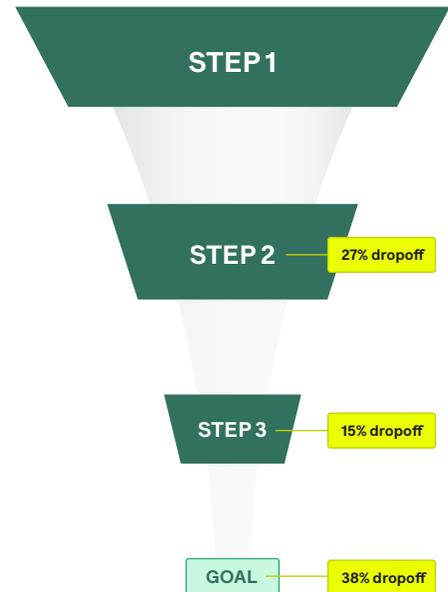
Here is where data science is a game-changer. **Today, some advanced analytics tools can automatically show you the invisible steps between events,** *and* **can show you which ones of those are most important to the conversion path.** You're lucky enough to have an analytics tool that can do this automatically, you're already ahead of the game.

If your analytics tool can't do this work automatically (if it can't locate key interstitial events on its own), you can still do this work manually. Look for the steps with the biggest dropoff between them – then go to your site and go through the user flow on your own. Write down every action in it.
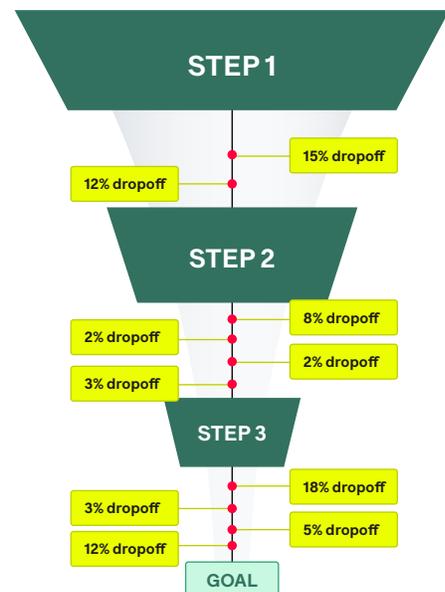
Sometimes you'll notice problems with forms, or buttons not working. Then take each of these little steps and analyze them in your analytics tool to see what users do there. What do users do just before and just after each? How many users have problems? This is more work, but can still yield results.

You can also use Session Replay (see the next step!) to find these in-between events.

How most funnel analyses are set up

STEP 1

STEP 2 — 27% dropoff

STEP 3 — 15% dropoff

GOAL — 38% dropoff

Where dropoff truly happens

STEP 1

15% dropoff
12% dropoff

STEP 2

2% dropoff — 8% dropoff
3% dropoff — 2% dropoff

STEP 3

3% dropoff — 18% dropoff
12% dropoff — 5% dropoff

GOAL

STEP 4

Use Session Replay to see what's happening at key moments

As we saw in the previous step, numerical data is perfect for finding where users are dropping off within the funnel. Session replays are a great tool to help you get to the why. By watching user sessions unfold, you gain an intimate understanding of how visitors interact with and navigate your digital experience:

You can see how visitors actually experience your product
Are users finding the highest-value features easily? Are they following the paths you predicted they would? Where can you add new elements, remove friction, and make user interactions smoother and easier?

You can surface all sorts of unexpected behaviors
Do people scroll the way you want them to? Are your buttons placed in optimal positions? Are customers adopting or avoiding new features?

You can see why certain moments give people problems
Are they confusing static elements of your landing pages for controls and links? Are there any broken buttons or CTAs you're unaware of? Do people rage-click at a certain spot before they abandon checkout?

With this info, you can test new features for adoption and quickly make adjustments. You can observe common complaints to create fixes or FAQs.

Any session replay tool can give you this info, but **the best session replay tools come already integrated into your analytics suite.** This ensures you can use your analytics tool to find key moments, then use session replay to see what's going on there. The best tools even cue your sessions up to the exact moments you're interested in, so you don't have to spend time figuring out where in the replay the important thing happens.

1. Uncover opportunity

Use your analytics tool to identify key moments of friction and dropoff.
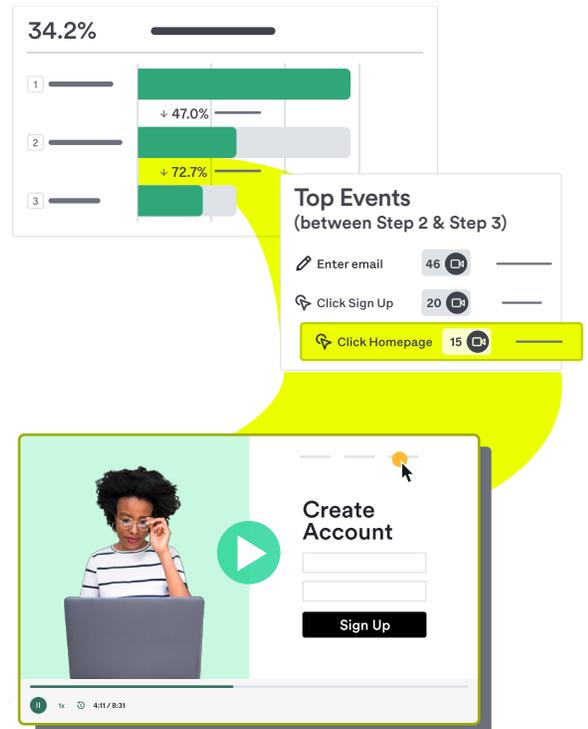
2. Watch replays

Discover what's happening by watching session replays. The best tools cue replays to the exact moment you're interested in.

STEP 5

Figure out alternate paths to conversion

As you certainly know (and as we acknowledged above), users have minds of their own when it comes to navigating your product. In an ideal world, your visitors would always follow the steps you want them to, in the order you want them to.

In reality, **visitors may discover any number of paths through your product,** especially ones you hadn't anticipated. If you want to meaningfully impact conversions, you need to be able track and respond to each of these.

The best way to find these alternate routes to conversion is to use a tool that helps you identify them.

If you don't have a tool that can do that work for you, it's still worth putting in the time to think about the other paths users might take. Most analytics tools can show you what users do before and after your major conversion events. This can help you unearth alternate paths. Once you find an alternate path, investigate to see how many users take that route and how those users convert. (Who knows? If an alternate route gives you better conversion numbers, you might want to reorganize your main user flow!)

User testing can also useful here, as can Session Replay (see step 4), both of which give you a chance to look over your users' shoulders to see how they really navigate your experience.
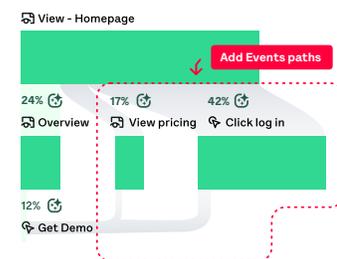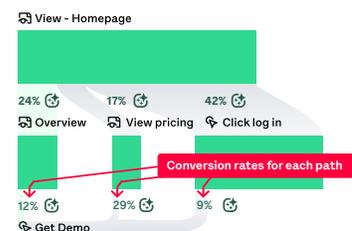
The Ideal Way to Compare User Paths
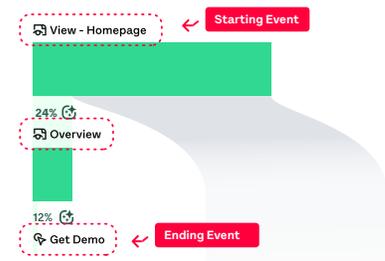
1. Set your starting and ending events
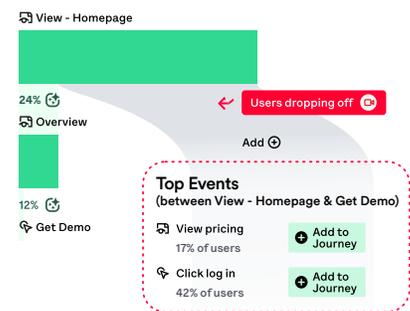
2. Let your tool suggest in-between events
that significant numbers of users take

3. Add these events as separate paths
that lead to the same endpoint

4. Track performance for each of these paths.
See how many users take each path, and what the relative conversion numbers are.

STEP 6

Segment your users and see who's most (and least) likely to convert

When it comes to understanding your users, there are few tools more powerful than user segmentation. By breaking your user base into different groups, you can get all sorts of insight into how your product or site is working.

CRO is all about knowing which groups to target.

There are many ways you can segment your users— the only limit is how many ideas you can come up with. The specifics will of course be unique to your product, but the more ways you can slice up the data, the more likely you are to stumble onto an underserved segment.

Segmenting by channel: If your data shows that website visitors who come from Accountants Weekly magazine convert at a 2x rate compared to those who don't, you can adjust your outbound or online marketing to bring in more "A.W. types," and optimize messaging on your landing pages.

Segmenting by user type: If VPs convert at 2x the rate of ICs, you can use that information to tailor your product to VPs, or tell your sales team to sell to more VPs.

Segmenting by behavior with cohort analysis: There is arguably no more powerful CRO strategy. Behavioral segments allow you to corral your users into cohorts (groups) based on actions they take—or haven't taken. You're looking for behaviors that predict conversion, so you can orient your product around getting more users to perform them.

Do users who convert read your blog?
Did they leave a review? Save a report?
Do they prefer the purple CTA?

Some examples of how you can use behavioral segmentation to grow your business:

Boost revenue via recommendations: You discover that users who buy handbags from your fashion website tend to buy shoes as well. You can then send an email or alert offering a 20% off coupon for shoes to users who recently bought a handbag.

Facilitate the buyer's journey: You discover that visitors who use your free app's bookmarking functionality tend to upgrade to a paid membership at a higher rate than those who don't use it. You can create an in-app guide that encourages new visitors to use bookmarks.

Improve customer retention and reduce churn: You discover that users who are inactive for longer than 60 days have a low rate of retention. You can send a special three-stage email marketing campaign to re-engage users who have been inactive for 30, 45, and 60 days.

For even more ideas, *check out our Behavioral Segmentation guide.*

STEP 7

Test, measure, iterate.
Then repeat.

Data-driven CRO is about using data to make informed hypotheses and learn as much as you can from each test. You can improve your product by learning everything about how people use it, where they're coming from, and what problems they have.

Every time you go through this seven step process, we suggest asking yourself: **what am I going to do differently this time?**

Be a good scientist—ask creative questions.

**Top Ten Things
to Experiment With for CRO**

01 Call-To-Actions (CTAs)

02 Website and messaging copy

03 Navigation and site structure

04 Page speed

05 Relevant imagery/brand logo

06 Landing page design

07 Value proposition of your
product or service

08 Headlines

09 Offers and promotions

10 Mobile vs Desktop

Measure

Hypothesize
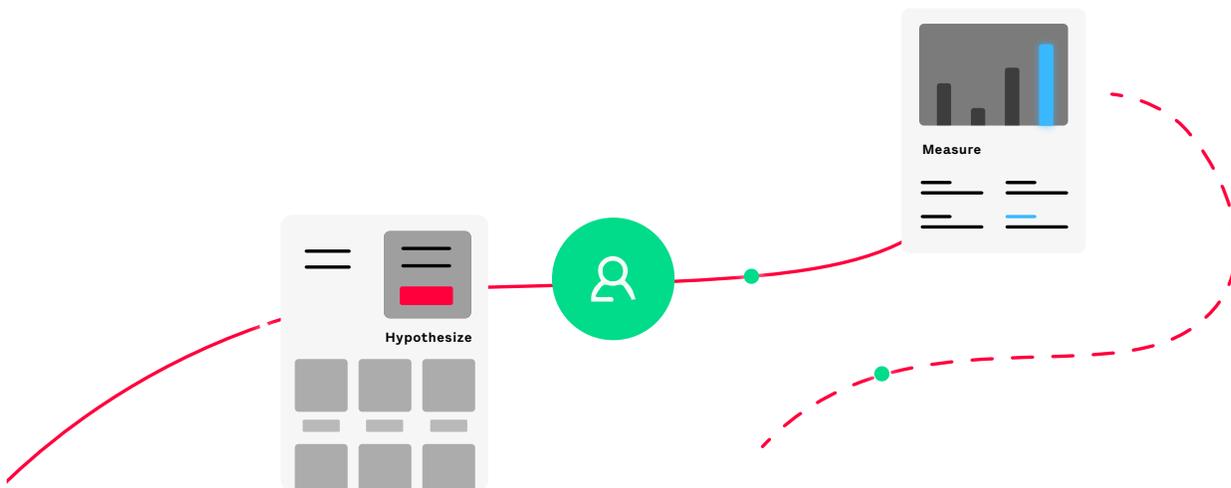
SECTION 4

Examples of successful CRO in SaaS

freshworks

Customer engagement software company Freshworks recently revamped the onboarding experience for its Freshdesk product. When initially going through its data lake to understand product adoption, they realized that the adoption and usage of Freshworks' Ticket Template feature was low.

To solve this issue, the product management team introduced a tour to nudge non-adopters with an in-app message explaining the feature. The team then tracked which users created and applied templates after viewing the tour — leading to critical insights on how best to optimize the interface.

RESULTS:

20%

increase in conversion rate

"We were able to **increase adoption of templates by 20%** by making the feature more discoverable and making tweaks," explains Gireesh Subramanian, Freshdesk Director of Product Management.

In Conclusion

Every business has a strategic responsibility to do CRO, and you will always benefit from converting eyeballs into paying customers. We hope that after reading this guide you're convinced that a scientific method, supercharged by data science, is the best approach.

With CRO, there is always room for improvement.

CRO is an ongoing process. The beauty of it is that even the smallest change can lead to increased revenue. If you have questions or thoughts, or simply want to know more about Heap's approach to product management, we encourage you to visit us at heap.io.

Best of luck with your optimization!

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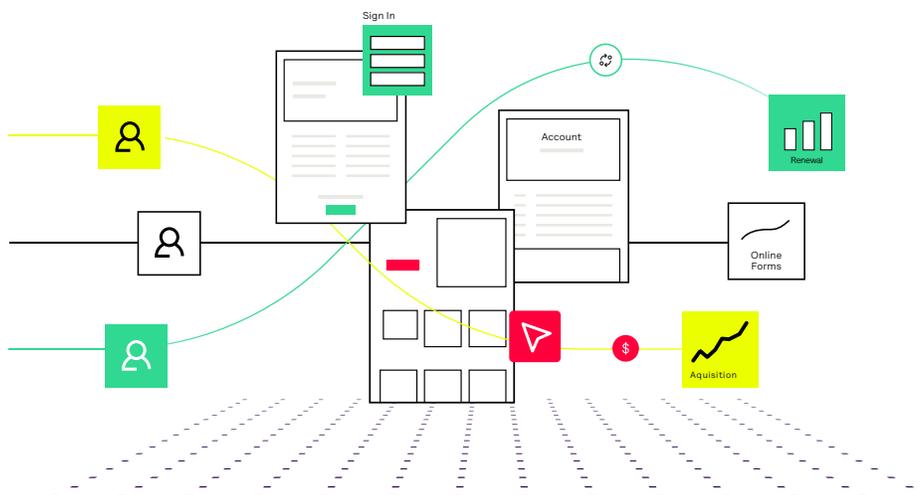
About Heap

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Visit heap.io to learn more.