

The 5 Most Important Growth Metrics: From Acquisition to Activation



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Growth is the lifeblood of every company. But as the past year has taught us, growth at all costs isn't a sustainable strategy. Striving for efficiency – an increase in revenue while also reducing costs – is the best path forward when facing recessionary headwinds.

A strong economy lends itself to more aggressive growth strategies, while a slower economy leads companies to shift gears in search of more predictable returns on investment. Often, things fall somewhere in between. This guide was created to apply to all types of economic conditions.

Our primary focus will be on the fundamentals of growth for **customer acquisition**, **conversion**, **customer engagement**, **user acquisition**, and **experimentation**. Each stage paves the way for the next, forming a logical sequence that businesses can use to track how well their messaging and customer engagement practices are hitting the mark.

No matter what part of the customer journey you're tackling – from acquisition to activation, and beyond – a customer data platform like Segment will help unlock customer insights and deliver personalized customer experiences that drive growth.

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Customer Acquisition



Successful customer acquisition takes discipline, hard work, and high-quality customer data. By following the fundamentals outlined in this section, your efforts will lead you to new customers.

What is customer acquisition?

Customer acquisition involves attracting the attention of your target prospects and convincing them to purchase your product or service. Acquisition activities can include cold calls, email newsletters, webinars, and paid advertising – anything that helps you get new customers. Most successful customer acquisition strategies involve highly personalized, omnichannel marketing based on high-quality customer data.

Customer acquisition is the first step in the customer journey, enabling all subsequent phases. It can also lead to benefits like increased awareness and brand value. Even if you don't make an initial sale, acquisition activities often form the first impression potential customers have of your company and impact how they view and interact with your business later.

Paid vs. organic customer acquisition channels

You can categorize customer acquisition channels into two types: organic and paid. Organic methods, like content marketing or sending email newsletters, are free (more on that below). Paid channels cost money, such as running ads on Facebook or having a sponsored placement in someone else's newsletter.

Of course, using organic channels is not entirely free because, like paid ones, they have operational costs. You'll often have to pay people to execute your acquisition strategy and equip them with tools to get their jobs done. But the organic channels themselves are free to use.

Paid vs. organic lead quality

Organic acquisition channels slowly drive a lower volume of higher quality leads. In contrast, paid acquisition channels quickly drive a higher volume of lower-quality leads. As a result, paid strategies are better for short-term growth spurts, while investing in organic approaches pays off long-term.

Should you go broad or deep?

Marketers have two choices for spending money on their acquisition channels: going broad by investing a little in many channels or going deep, focusing most resources on just one or two. Ideally, you'd do both, but that's not always an option. So, you'll need to choose.

Going broad allows you to reach more prospects and control your brand's messaging across many channels. But it also limits your team's attention and resources as you scatter them across many initiatives.

Going deep lets you become well-known on one or two channels, leaving a lasting impact on followers there. However, you may end up reaching fewer prospects and can lose ownership of your brand's presence on other channels. Most growth experts recommend going deep.

Customer acquisition best practices

Because [77% of B2B buyers say](#) their last purchase was very complex or difficult, it's critical to know how your customers make a purchase decision. This means there's an opportunity to stand out by simplifying your customer journey – but you need a complete picture of that path.

To map out your customer journey:

1. Consider where your customers first encounter your brand.
2. From there, think through the steps they might take that lead to a purchase.
3. Then leverage data to discover in detail how prospects travel across different touchpoints, perhaps even using multiple devices.

Tools like Google Analytics and Hotjar, combined with [Segment's identity resolution feature](#), are invaluable to figure out your customer's journey. You'll be able to figure out whether customer A on device X is different from customer B on device Y or if they're actually the same person.

Once you have a complete picture of the customer journey, bring different teams together to brainstorm how to take out steps and remove as much friction from the process as possible.

Maintain a channel prioritization list and process

A channel prioritization process helps you regularly evaluate if your current channels still deliver optimal value or if you should consider shifting to new ones.

Even if one channel works wonders for you and it makes sense to focus most of your efforts there, you need to have a plan B in case that channel's performance suddenly drops, as happened to Pinterest when Facebook changed its algorithm.

A quarterly rhythm is best for the evaluation as it syncs with the budgeting periods of most companies. The process should involve a simple list that tracks the performance of channels you're using. You then add one or more up-and-coming channels that you want to run small experiments on in the coming quarter. The objective is to test their performance and see whether they can replace – not add, remember to go deep – one of your decaying channels.

How to lower your customer acquisition costs

To lower your CAC – your average acquisition cost per customer – you can reduce your spending or increase the returns on your marketing investments. Such efforts pay off because customer acquisition costs rise every year.

A first step to reduce your CAC could be to limit your reliance on paid channels. Those get more expensive over time, while organic ones tend to become cheaper on a cost-per-customer basis, especially as you scale.

Another effective strategy is to minimize human touchpoints along the customer journey. Do this by investing in the automation of acquisition efforts and processes where possible. That approach saves labor costs from in-house efforts or external agencies.

To increase your returns, focus on improving your conversion rate. (We'll go into more strategies relating to conversion in the next section.) Optimize every step in the buyer's journey to ensure you don't unnecessarily lose prospects along the way.

Some examples of activities that help achieve such improvements:

- Enriching your CDP's customer profiles with data from more sources. Expanded profiles let you further personalize marketing efforts to increase conversions.
- Running the channel prioritization process ensures you regularly review channel performance and select high-return over low-return channels.
- Running A/B tests to improve the conversion rate on individual creatives and texts.

We've just covered several key elements relating to customer acquisition, but there is a lot more to learn. For a deeper dive into this topic, download [The Fundamentals of Customer Acquisition](#).

Conversion



When a prospect takes a desired action, typically on your website or in your product, toward an ultimate goal, such as becoming a customer – a conversion has taken place.

Industry experts refer to two types of conversions: **micro-conversions** and **macro-conversions**.

Micro-conversions are when someone takes a step toward your ultimate goal, including email opens, button clicks, webpage visits, form submissions, content shares, and trial signups.

Macro-conversions are when your ultimate goal has been achieved, such as one-time or repeat purchases, app installs, paid subscriptions, and plan upgrades.

What's a conversion rate?

Conversion rate refers to the percentage of prospects who take your desired action. Say one in four visitors to a landing page submits their contact information to gain access to your latest ebook – the landing page would have a 25% conversion rate.

Why is tracking your conversion rates so important?

By tracking your conversion rates across the business, you can determine which marketing and sales activities are most effective in achieving your goals. This allows you to invest more in high-performing channels and less in low-performing channels.

Calculating your conversion rate

To calculate your conversion rate, you need to divide the number of conversions by the total number of interactions with a specific property, and then times it by one hundred.

If 1,000 people signed up for a free trial last quarter, and 50 became paying customers by the end of their 14-day trial period, your conversion rate would be $50 / 1,000 \times 100$, which equals 7.5%.

$$\text{CONVERSION RATE} = \frac{\text{Number of conversion}}{\text{Total number of visitors}} \times 100$$

Benchmarking your performance

It's best to establish your own benchmarks – standards unique to your company that you can measure your future performance against. By tracking your highs, averages, and lows, you can set targets for your team that appropriately challenge them.

To get started, you'll need a customer data platform (CDP), which can track everything from page visits and email opens to form submissions and purchases. After building a robust database of performance data, you'll know what "good" looks like for your business across every channel.

How to increase your conversion rates

1. Track user behavior

To calculate your conversion rate, you first need to track the behavior of your visitors and/or users. This is where a customer data platform (CDP) comes in. With minimal code, Segment allows you to collect data on every touchpoint the prospect has with your business.

Before getting started, it's important to map out your conversion funnel. A conversion funnel visualizes the stages prospects go through during the buyer's journey. At the bottom of the funnel, you have your ultimate goal – for example, the purchase, subscription, or app download.

Before that point, you have a series of three to five micro-conversions that slowly nurture your prospects through the top and middle of the funnel toward your ultimate goal. It's identifying these steps that enables you to track the right touchpoints, instead of all of them.

Consider the story of MYOB, a company well-known for its accounting software. By implementing Segment, the company built a holistic and unified view of the customer that ultimately [improved its trial conversion rates by 54%](#).

2. Identify gaps and opportunities

Once you've set your foundation, it's time to identify opportunities for optimization. By pairing your CDP with a tool like Mixpanel or Heap, you can find performance gaps in your customer journey. Perhaps you drive many free trials, but struggle to convert trialists into customers.

3. Test your hypotheses

Now that you have a data-driven idea for how to optimize your conversion rate, you can turn your idea into a falsifiable hypothesis. You can use this simple framework: Based on [observations], I believe [solution] will address [problem] for [audience] and impact [metric] by [uplift].

Next, it's time to put your hypothesis to the test. You'll want to leverage tools like VWO, Optimizely, and/or Kameleoon at this stage. Your test duration will depend on your target sample size and monthly traffic, but experts agree it should last at least one full business cycle.

For more in-depth guidelines for how to conduct tests, check out our [experimentation fundamentals lesson](#).

4. Make data-driven decisions

Once the results are in, you can evaluate which variation performed best and what impact that could have on your business. From there, all that's left to do is choose whether to keep the control or implement the changes.

5. Measure the results

Finally, you want to revisit your data. How is the new and improved version performing with regards to conversions? What impact is this having on your ultimate goal?

Now that you've learned about conversion, you're well on your way to improving your business performance. For even more tools and strategies, download [The Fundamentals of Conversion](#).

Customer Engagement



Customer engagement is a measure of how effectively a business is building relationships with its customers. Thus it's imperative that you provide value at every customer touchpoint.

Customer engagement trends

To deliver an unparalleled customer experience, you must keep up with emerging trends. We've identified three that are impacting how today's businesses approach customer engagement.

Respecting consumer privacy

Consumers expect to control how businesses use their data. By 2023, 96% of the global population will be covered by modern privacy regulations, [according to Gartner](#).

Businesses must request permission to track customer data. No longer able to leverage third-party data, many businesses will be leaning into first-party data to build direct relationships with their customers.

Personalizing customer experiences

Without access to third-party data, many businesses fear they will be unable to deliver compelling messages to their customers. By collecting and using data customers have chosen to share, businesses can personalize the customer experience to fit each individual. [Twilio Segment's State of Personalization report](#) found that nearly half (49%) of consumers say they will likely become repeat buyers after a personalized shopping experience with a retail brand.

Digitizing customer engagement

Consumers want brands to engage with them across different types of media and on the channels they choose. These methods are paying off. In fact, [Google found](#) that omnichannel shoppers are worth 30% more during their lifetimes than customers who shop from a single channel. With these stakes, it's no wonder the top-performing businesses are quick to adapt.

Customer engagement best practices

Following best practices can help you live up to rising customer expectations. Below are eight customer engagement practices proven to be effective across industries and company sizes.

Make data-driven decisions

The truth is that the only way to achieve rapid growth is through data-driven decision making. By leveraging historical customer data to come up with ideas and then using experiments to validate them, you can be confident that your tactics will land well with your customers.

Provide a consistent experience

Products like Segment, in combination with Twilio, help you understand that the person who got in touch with your business via phone is the same person who got in touch via email. Identifying a customer that has multiple user IDs allows you to communicate with them more effectively.

Curate a personalized journey

Good personalization goes beyond using the customer's name in an email blast. Smart companies customize the entire customer journey based on each individual's user behavior. To accomplish this goal, you'll need a customer data platform like Segment to track and mobilize customer data, plus a communications platform like Twilio that delivers omnichannel campaigns.

Use customer feedback to improve

You can use customer feedback to both perfect your product and deliver an exceptional customer experience. Make sure you have a regular cadence of customer calls on your calendar, be open and receptive to feedback, and have a plan for taking action in a timely manner.

Work toward instant response times

When you're in a brick-and-mortar store, it's easy to get an instant response. You walk up to the nearest customer service representative and ask your question. With instant messaging and advances in mobile technology, customers now expect the same experience online.

Be conversational with your customers

The world's best brands speak like a real person. They also reveal their company values, which helps establish an emotional connection. Products like Segment, in connection with Twilio, help businesses identify customer preferences and send personalized messages that build trust.

Get the right tools for the job

We recommend adopting tools that let you track customer behavior, analyze their patterns, and personalize your communications. At the top of your list should be software like customer data platforms, analytics tools, and APIs you can leverage to build custom communication solutions.

Measure and optimize your performance

You've heard the saying that you can only manage what you measure. If you don't track your progress toward your business goals, you'll never improve your performance. Make sure you're tracking the right engagement metrics and prioritize the optimization of your program and tactics.

Customer engagement metrics

If you don't measure progress toward your goals, you won't know when or how to optimize your performance. Fortunately, these five metrics can help you assess your customer engagement.

Net promoter score (NPS)

A net promoter score is a survey that highlights customer loyalty and the potential for word-of-mouth recommendations. These surveys ask people how likely they are to recommend your product or service on a 10-point scale.

Customer satisfaction score (CSAT)

A customer satisfaction score asks users to rate their satisfaction with a brand or one of its products. While customer satisfaction scores aren't a guarantee of people remaining loyal to your brand, they're a strong predictor. In fact, [McKinsey](#) found that when a cumulative customer satisfaction score went up by one point, it corresponded to a 3% increase in revenue.

Customer effort score (CES)

A customer effort score is a type of satisfaction survey that asks users to rate the ease of interacting with their brand. The goal is to eliminate points of friction in the user experience.

Product stickiness (DAU/MAU ratio)

Product stickiness is a measure of how often users return to your product. When users come back repeatedly, it means they're benefitting from using your product. This increases the likelihood that they'll stick around long term.

Customer reviews

Reviews fill in the context that's often missing from quantitative metrics. Positive reviews can be excellent for customer referrals or word-of-mouth awareness. In fact, 79% of consumers said online reviews are just as influential as personal recommendations, [according to BrightLocal](#).

Customer engagement tech stack

Modern marketers need a customer engagement tool stack that powers one-to-one personalization at scale. We recommend using three tools to make your vision a reality.

Segment

[Segment](#) is the foundation that powers your customer engagement. It's a CDP that collects, cleans, and connects all of your customer data. By bringing together every historical touchpoint across platforms and channels to create 360-degree customer profiles, and then enabling you to segment your customers by the traits and behaviors they share, Segment empowers your team to personalize every customer interaction in real time.

Twilio

[Twilio](#) empowers you to reach your customers around the globe on any channel. It's a communications platform that connects you with your customers across channels like Facebook Messenger, WhatsApp, SMS, voice, and video – allowing you to curate an omnichannel customer experience throughout the customer lifecycle.

SendGrid

[SendGrid](#) provides the technology you need to build, design, and deliver high-performing email campaigns. It's the email service that customer-centric brands trust for reliable inbox delivery at scale. It also comes with tools for segmenting your audience and tracking performance via actionable analytics.

By combining a scalable customer data platform like Segment with extensible communications APIs (plus 400 integrations) from Twilio and SendGrid, you can launch [omnichannel marketing campaigns](#) that are built on real-time, first-party data.

Learn more, including how Vacasa, Spotify, and Warby Parker use these engagement strategies to connect with customers, by downloading [The Fundamentals of Customer Engagement](#).

User Activation



Your company spends an incredible amount of time and money acquiring new users, but does it invest the same into delivering value to those users within a reasonable time frame? The reality is that if users don't experience the value of your product quickly, they're destined to churn.

According to Fairmarkit, [growing your activation rate by 25% increases your MRR by 34% within 12 months](#). That puts it ahead of acquisition, referrals, and even retention with regards to ROI.

What is user activation?

User activation refers to the moment a user first gets value from your product. It sometimes, but not always, aligns with key onboarding milestones. Once a user is considered activated, they are much more likely to become a habitual user and ultimately pay for your product or service.

User activation strategy

User activation strategy refers to the intentional approach you take to maximizing the number of users who realize value from your product within a specific time period. In this section, you'll discover a fool-proof strategy for improving your activation rates.

1. Review user personas

Thanks to your marketing and product teams, you probably already have access to user personas. Read them thoroughly to remind yourself of the goals, challenges, and desires of key user segments.

2. Identify activation milestones

To identify the key milestones your users reach throughout your onboarding journey, you must first track user behavior. Only then will you have the historical data you need to create a statistical model that provides insight into your user activation. The easiest way to achieve this is to implement a customer data platform, like Segment. To track user behavior, you simply add Segment's `analytics.js` code snippets to your website.

Next, consider which actions are taken by users who stick around. Do they invite a friend or colleague? Do they create something unique? Also, ask yourself where users get stuck. These drop-off points indicate where you should invest your energy.

3. Ideate how to increase desired behaviors

Once you've discovered key onboarding milestones and drop-off points, it's time to come up with a list of potential engagement tactics. Ask yourself how you can reduce drop-offs and get users to realize value sooner. Could you provide more clarity around what actions they should take, perhaps through enhanced visual cues or a progress tracker? While brainstorming, write down all of your ideas. In the next step, you'll prioritize.

4. Prioritize those most likely to have an impact

You want to be careful not to implement any changes that will negatively impact your activation rates across your entire user base. By turning your ideas into small tests and triaging them based on reach, impact, confidence, and ease, you can maximize your impact.

5. Set goals and KPIs

Before executing your experimentation roadmap, it's best to set tangible goals and KPIs. What percentage do you believe you can increase your activation rates with this one idea? How will that differ across your user segments? Be as specific as possible. Use this framework: [Making this change] will increase our [user segment] activation rate by [percentage] within [time period].

6. Execute tests and implement changes

Now you're ready to test your hypotheses. Roll out your top proposed change to a percentage of your user base, wait the allotted amount of time, and see how your test performs. If it results in a statistically significant improvement, go ahead and implement the changes globally.

User activation best practices

Know your users

Understanding your core user segments allows you to curate personalized onboarding journeys for each one, which can effectively increase your activation rates. This requires first tracking user behavior, both inside and outside of your product, to discover how their journeys differ.

The easiest way to do so is to implement a customer data platform. Segment makes it easy to collect behavioral data and tie it to specific users, allowing you to carve out key segments of your audience. You simply add Segment's [analytics.js](#) code snippets to your website and/or app.

Limit cognitive load

Our cognitive load is the amount of data our working memory can hold at once. Because our working memory has a limited capacity, it's important that you minimize the amount of information you present during your onboarding and limit the number of steps users must take to get set up.

Always be testing

Too many people rely on gut instinct when making decisions about their onboarding journeys. We believe it's important to design them with users in mind. By testing your assumptions and hypotheses, you can make iterative improvements to your activation rates over time.



“Deploy experiments in the order that allows you to learn and maximize your impact in the shortest time period possible.”

Morgan Brown
VP, Growth, Shopify

Offer sensible defaults

Defaults are the values or settings that companies pre-select for the user. Sensible defaults prevent decision fatigue and save users time. They typically transform a required action – such as entering text into a field – into a single click. By improving the customer experience and speeding up time to value, this technique can improve your activation rates.

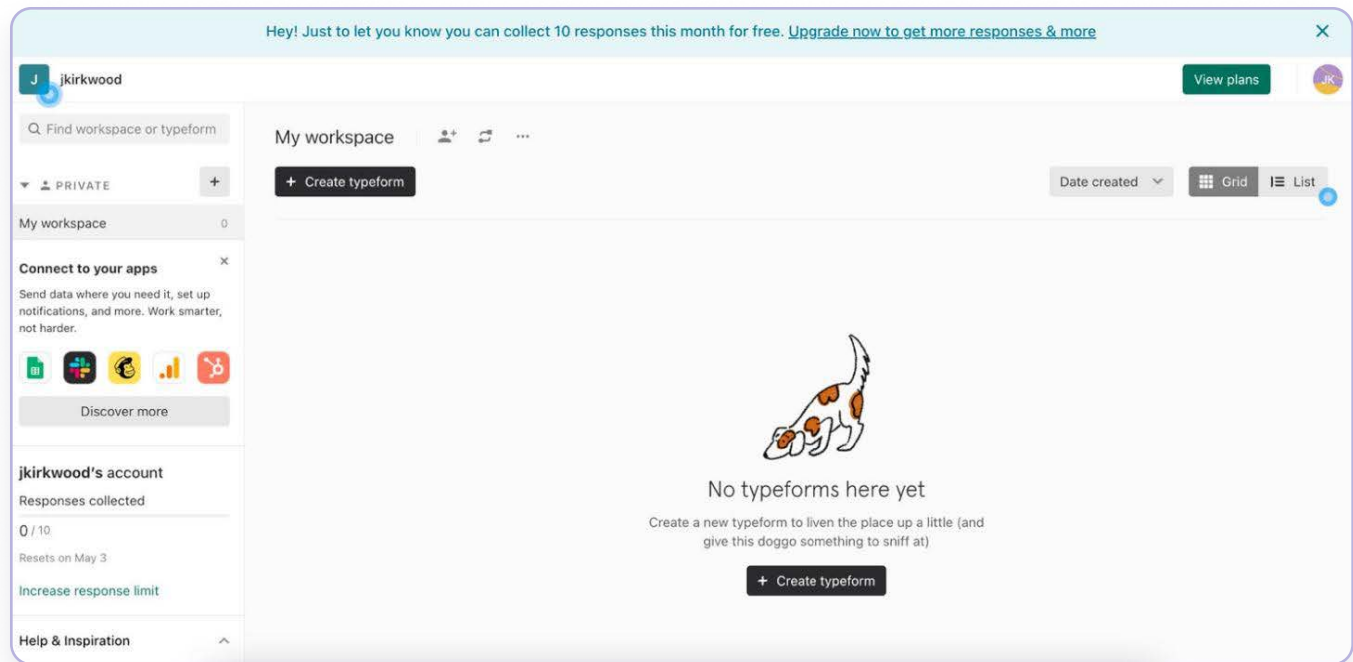
Leverage visual cues

Visual cues show what the user should do next. By pointing them in the right direction, they help users learn by doing, minimizing the time they spend searching your product. Incorporating visual cues in your onboarding process can reduce time to value and increase your activation rates.

Show empty states

Incomplete product states compel users to progress through your onboarding journey, which gets them to experience the value of your product sooner. They motivate and prompt users to take action in part by underscoring how easy it is. They also speak to our intrinsic and extrinsic drivers, implying that completing their onboarding journey will help them get their needs met.

In this example from TypeForm, you'll see an empty state that conveys the brand's personality:



Convey their success

As they move through your onboarding journey, it's helpful to reward them for taking desired actions and remind them of the progress they've made toward their goals. By providing positive reinforcement, users become more likely to display a behavior again in the future. So, celebrate the success of your users – and they might just reward you with higher activation rates.

Reduce any friction

Points of friction can become drop-off points where you lose users, which makes them easy to identify fortunately. By reducing friction, you make it easier for them to achieve their goals. As a result, they make progress toward their goals and realize the value of your product more quickly.

To learn more and get expert tips for increasing user activation from growth practitioners across multiple industries, download **The Fundamentals of User Activation**.

Experimentation



Netflix, Google, and Facebook are just a few names that are famous for embracing a culture of experimentation. But you don't have to be an industry giant to unlock the value of experimentation. Smaller companies can also use it to learn how to make better decisions.

A tried, tested, and true process for experimentation

It's best to implement a repeatable plan for experimentation. The following 10-step process was developed in partnership with leaders at companies like Zendesk, Lyft, and Shopify.

1. Identify a gap or opportunity

The first step is to find a problem to solve. A good place to start is your customer data platform (CDP), which you can use to capture customer behavior in a few clicks and then build unique audiences based on that data for comparison (and testing) purposes. You can see who your most and least profitable customers are and how they engage with your marketing or product.

2. Decide how to solve the problem

The next step is to brainstorm ways to solve the issue. This is where your gut instinct comes into play. While you wouldn't want to make a critical decision on gut alone, you can and should take inspiration from what your gut tells you. After all, you're about to put it to the test!

3. State your hypothesis

A hypothesis invites you to document a problem, propose a solution, and anticipate results. You can craft a hypothesis using this simple framework: Based on [observations], I believe [solution] will address [problem] for [audience] and impact [metric] by [uplift].

4. Prioritize your experiments

No company can test every idea. Instead, they must prioritize their experiments. Later, we'll describe three frameworks for prioritizing your tests: HiPPO, PIE, and RICE.

5. Create your test plan

Your test plan should include the purpose of your test, hypothesis, details about the different variants you plan to test, specifics about what to measure, the location where your test will take place, audience details and sample size, and your planned test duration.

GitHub

"It's tempting, when you're a growth practitioner, to look at all the opportunities and start a lot of conversations about all the things you can fix. You end up getting a lot of people excited, but you lose momentum because you don't have a ton of resources. Focus is so, so important."

Thibault Imbert
VP, Growth, GitHub

6. Validate your idea

Before launching an experiment, savvy growth leaders first validate their hypotheses. To do so, they typically turn to user research. By putting your variants in front of a handful of real users, you reduce the risk of burning your entire sample with a broken experience.

7. Launch your test

Once you've validated your hypothesis, it's time to release your experiment into the wild. The faster you do so, the faster you will learn – and the faster you learn, the faster you'll maximize your impact. Your test duration should last at least one full business cycle.

8. Evaluate the results

Once your test has run its course, it's time to crunch the numbers. Are the results in favor of or against the change? You may notice unintended consequences, so it's important to develop a clear picture of what actually happened. You may notice an increase in paid signups instead of free trials. While that may not have been your goal, it provides you with important lessons.



“Insights are the lifeblood of growth. They’re what fuels the machine.”

Lauren Schuman
VP, Product Growth, MURAL

9. Implement changes

Informed by the outcome, you can then determine next steps. If the results were in favor of the change and statistically significant, you'll need to deploy the proposed changes to the entire population. If not, you can still document what you've learned and ideate future tests.

10. Share your learnings

Share what you've learned with the broader team. That way, everyone has an opportunity to adjust their strategies in response to your newly uncovered insights. Presenting the outcomes of your experiments also ensures that team members don't duplicate efforts in the future.



"If you want to be a successful growth team, don't waste your time doing experiments someone else has done. Do everyone a favor and share whatever you have and everyone wins."

James de Feu
Director, Self-Serve Growth, klaviyo

Eight elements you can test

Introduction copy

Headlines and body copy exist on your website. Headlines are short and should grab the visitor's attention. Body copy is longer and should concisely communicate the benefits of your offer, persuading readers to take action. You can also experiment with tone of voice, readability, or even formatting. The possibilities are endless.

CTAs

Calls to action should be clear and actionable. They should also fit the stage the customer is in. You can test variations on the copy, size, placement, and color of CTA buttons. You're only bound by the limits of your imagination.

Depth

The general rule is keep what's most important above the fold. Outside of that, there are two considerations to keep in mind: The first is whether your offer is a high-commitment offer, such as an annual software contract, or a low-commitment offer, such as a free ebook. Typically, the higher the commitment, the longer the page you'll need to convert your target audience.

Design and layout

A good page design includes plenty of white space, a contrasting color scheme, and only the most important copy. To optimize the visitor's experience, try experimenting with different visuals, color schemes, and spacing. Your layout should guide the audience from one piece of important information to the next, preferably ending with your call-to-action button.

Forms

To prevent friction, experts suggest you should aim for as few form fields as necessary. However, you should test what works: a short form that asks for only the essentials, or a long form that provides you with rich details about your target audience?

Navigation

It's important to consider your audience's navigation needs. When browsing a website, visitors typically want to be able to click around to find what they need. In contrast, you actually want to keep visitors on a landing page once they land there, as it improves your conversion rate. To promote a seamless user experience, place your navigation bar in a predictable place. Also, group similar content together in your navigation bar. Beyond that, test away!

Offers

Outside of testing the copy, design, and layout, you can test the offer itself. Are future customers more interested in a free trial, which allows them to get into the product and click around? Are current customers more interested in a discount for switching from a monthly to annual subscriber or a bonus for referring their friends and family?

Trust

Trust indicators include testimonials, product reviews, and expert recommendations; customer logos, especially household names; media mentions; guarantees; and security certifications. These reassure future customers they can trust you enough to buy from you.

Experiment prioritization frameworks

Establishing a clear set of criteria helps you avoid subjective decision-making and increases the likelihood that you'll choose to run tests with the highest potential. As a result, you're more likely to achieve the speed required for rapid business growth. Below we highlight three frameworks for prioritizing your experiments: HiPPO, PIE, and RICE.

HiPPO, which stands for "highest paid person's opinion," is what you want to avoid. This form of decision-making is highly subjective and subject to error. To achieve a true culture of experimentation, embrace a democratic, evidence-based approach to prioritization.

PIE is a framework that balances three factors: potential, importance, and ease. Potential looks at how much growth is possible. Your lowest-performing assets have the most room to grow, so give them a 9 or 10. Your highest-performing assets have little room to grow, so give them a 1 or 2.

Importance refers to how valuable the experiment is. If conducting a test on a webpage with high volume and pricey traffic, give it a 9 or 10. If conducting a test on a webpage with low volume and cheap traffic, give it a 1 or 2.

Ease evaluates how difficult the test will be to implement. Tests that require fewer resources earn a higher score, like a 9 or 10, whereas tests that require many resources earn a lower score, such as a 1 or 2.

To calculate your PIE score, add up your potential, importance, and ease scores and divide them by 3. For example, if your potential is 5, your importance is 9, and your ease is 4, your pie score will be 6 out of a possible 10 marks.

LIFT Zone	Potential	Importance	Ease	PIE Score
Homepage	10	10	8	9.3
Checkout	8	10	9	9.0
Product page	10	9	7	8.7

RICE

RICE is an approach that weighs four factors: reach, impact, confidence, and effort.

Reach is an estimate of the number of people (e.g., customers, visitors) who will be affected by a change within a certain time period. It prevents you from prioritizing smaller tests with less reach.

Impact encourages you to focus on experiments that have the potential to move the needle. Because it's hard to measure precisely, you choose from a scale: If the result of your test could have a massive impact, give it a 3. If it could have a big impact, give it a 2. If it could have a moderate impact, give it a 1. If it would have a minimal impact, give it a 0.25.

Confidence is your estimation of how sure you are that your hypothesis is correct. If you have data to back up your estimated reach, impact, and effort, give yourself a 100% confidence score. If you have data to back up two out of three, give yourself an 80% confidence score. If you only have data to back up one out of three, give yourself a 50% confidence score.

Effort is your prediction for how long the experiment will take to produce. Assign 1 point for every month it will take. Use 0.5 for anything that takes less than a month.

$$\frac{\text{Reach} \times \text{Impact} \times \text{Confidence}}{\text{Effort}} = \text{RICE SCORE}$$

To calculate your RICE score, multiply reach by impact by confidence and then divide the total by the amount of effort you expect to put in. For example, if your reach was 500, your impact was 3, your confidence was 100%, and your effort was 2, your score would be 750.

For more on this topic, including experimentation tools and customer case studies, as well as why you should build an experiment roadmap, download [The Fundamentals of Experimentation](#).

Adopting a CDP to maximize growth

The growth and evolution of the customer data platform category is an acknowledgment that data quality, governance, privacy, and integration are key to the customer experience today. A CDP such as [Twilio Segment](#) creates a solid foundation for increasing growth by relying on trusted, consented, first-party customer data.

A CDP allows your business to collect reliable customer data from many channels and unify it in one, easy-to-access location for all of your departments. This creates a single, accessible, and up-to-date view of your customers that can be used to personalize every customer experience.

CDPs can have a transformative impact on your business by allowing you to build a fully connected digital marketing stack with your customers at the center. Tracking real-time customer behaviors gives businesses the most up-to-date information about customer preferences. By compiling data across all customer touchpoints, a business is able to send better product recommendations and craft marketing and promotional offers that match their preferences.

Without accurate, actionable data it can be nearly impossible to deliver the type of high-quality customer experiences that drive customer retention, brand loyalty, and increased lifetime value.

Insights gained from a CDP help businesses identify and act on growth opportunities, experiment with messaging, and power personalization efforts. It also offers the following benefits:

- Eliminates data silos for improved visibility across teams
- Keeps customer data up to date everywhere, all the time
- Merges multiple user IDs into one customer profile
- Enables easy maintenance of data hygiene and governance
- Helps businesses manage data privacy regulations

About Twilio Segment

Twilio Segment is the world's leading customer data platform (CDP). It provides companies with the data foundation that they need to put their customers at the heart of every decision.

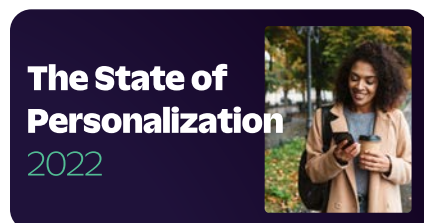
Using Segment, companies can grow their business by collecting, unifying, and routing their customer data into any system where it's needed to better understand their customers and create seamless, compelling experiences in real time.

Over 25,000 companies, including Intuit, IBM, FOX, Instacart, Fender, and Levi's use Segment to make real-time decisions, accelerate growth, and deliver world-class customer experiences.

Learn how to maximize your growth with Twilio Segment.

[Schedule a demo](#)

Want to learn more?



2022 State of Personalization

Using results from nearly 3,500 businesses and consumers, this report looks into how attitudes and experiences with personalization have changed over the past 12 months

[Download the ebook >](#)



The Ultimate Guide to Customer Retention

Learn how to avoid the rising cost of customer acquisition by focusing on retention and customer engagement strategies, while reading about real-life examples of ROI.

[Download the ebook >](#)



The Fundamentals of First-Party Data

Businesses can no longer put off developing a first-party data strategy. This guide dives deep into the benefits of first-party data and how to collect and activate it.

[Download the ebook >](#)