MECLABS

ABOUT THE AUTHOR



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Flint McGlaughlin is the Managing Director of MECLABS Group. The organization has partnered with key market leaders including The New York Times, Microsoft Corporation, and Reuters Group.

Dr. McGlaughlin also serves as the Director of Enterprise Research at the Transforming Business Institute, University of Cambridge (UK), as the former Chairman of the Board of Governors for St. Stephen's University, and as a Trustee for Westminster Theological Centre. Dr. McGlaughlin originally studied Philosophy and Theology at the University of London's Specialist Jesuit College.

Today, his primary research is focused on enterprise as transformative agent. His work has won multiple awards and has been quoted in more than 13,000 online and off-line sources.

The Web as a Living Laboratory

The Web as a Living Laboratory

"The next CMO is going to come NOT from a television or radio background, but rather from a digital media background"

The man speaking was a senior leader from one of the largest companies in the world. Their marketing budget was more than four billion dollars. And his statement, though simple enough, had profound implications. **The world was changing.**

Indeed, his world was about to change radically. Over the next 24 months, he would transform the digital division of his business, shifting the Web from its role as an "important channel" to a central dynamic of the entire business ecosystem. **The Web would become a living laboratory** through which the company would experiment their way into a more profound understanding of the customer.¹

In the process, revenue from ecommerce would **more than double**, with vital product groups growing by more than **300**%. All the while, this leader would gain in stature, not just from the remarkable financial results he would produce, but from the remarkable customer insights he would garner.

Moreover, the executive team would acknowledge this remarkable achievement with two tangible actions: First, they would **promote him**, publicly recognizing his success at a major meeting in London.² Second (and perhaps more meaningful), they would **triple his division's head-count**, empowering him with the personnel needed to sustain his success.

Now an anecdote does not make an argument. Business books are replete with stories and one more is hardly persuasive. But there is something revolutionary happening in the heart of enterprise everywhere and this simple account is an important (and quite personal) example. The man described is my friend. I cannot reveal his name because this story unfolded just seven days ago, and because I suspect that my friend may soon be promoted again. His words, uttered two years before this remarkable transformation, were prophetic.

Why Do People Say "Yes"?

The world is changing. In the research lab where I work, MECLABS, we have witnessed this transformation first-hand. Over the last 20 years, we have conducted more than 10,000 path experiments, recorded and analyzed more the five million phone calls, interviewed more than 500,000 decision-makers, and we have benchmarked within 36,000 companies — all in an effort to understand the answer to a single, essential question: Why do people say "yes"?

The question is particularly fascinating when we consider that for the first time in the history of the world, scientists and marketers can **peer deeply into the thought-sequence of consumers**, observing their decision process across millions

of transactions. The data is staggering, and it becomes especially meaningful when one views it not with a "how much" mentality, but rather a "why so" mentality. Why do people say "yes"? What can we learn from these cognitive buying patterns?

The question transcends the medium; it informs our thinking regarding social, mobile, search, and even the future technology breakthroughs that will redefine the digital landscape. It is the very same question which drove the transformation in the company described above. This leader was one of my students, and he was quick to grasp three essential findings from the many years of research inside MECLABS, and he was just as quick to implement those findings in a way

that has had measurable impact.³ A brief discussion of each of these points could help you.

People don't buy from websites; people buy from people

First, the sales and marketing funnel is not constructed with ads and pages; it is comprised of thoughts and conclusions. People don't buy from websites; people buy from people. The task of marketing is not to craft collateral, but rather to guide thinking. All marketing should influence a decision. Thus, the marketer begins their work not with a sequence of ads, but with a sequence of thoughts.

In practical terms, this means that we must see through the page into the mind.

And what we are attempting to see is only this: the series of micro-yes(s) that are necessary to achieve a macro-yes. A macro-yes represents an ultimate objective, most likely a sale. A micro-yes represents each (even tiny) decision necessary to the ultimate macro-yes.

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11 The sales and

It may be easier to understand this point with an illustration.

What if your team was tasked to improve the performance of the email in figure 1.1? How would you frame your analysis? Most marketers would recall various maxims that they have learned in conferences or read in blogs or books. They would bring those maxims to the table for discussion. Others would weigh in with their own



Figure 1.1 - Email Control
This page, though above
average in many respects,
still has conflated the objective of the email with
the objective of the landing
page. This email is selling
and asking for too much at
this stage in the conversion
process (see full image on
page 12).

Figure 1.2 - Email Treatment The treatment email has

been crafted to guide the reader through a logical series of micro-conversions. Notice how the call to action asks for just the right amount of commitment at this stage of the conversion process (see full image on page 13).

Call Us Direct Gives You Immediate Access to Over 120,000 Doctors is the largest social network of verified \(\section \) physicians, representing 68 specialties. Physicians spend 35,000 hours per month or discussing drugs, medical products and procedures as well as exchanging clini at insights on difficult cases. Engage physicians in the following ways: manhattanRESEARCH 24% of online MDs have visited . Survey MDs in real time using your o n screening criteria . Observe and mine what physicians are saying about your products PSTEMPANY and those of your competitors Top 10 most innovative healthcare company. . Promote your message by a mulating peer-to-peer interaction Start connecting with physicians today. Lists among the 50 best tech startups Works See How

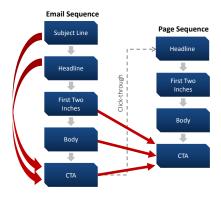


Figure 1.3 - Conflated Objectives

opinions and preferences eventually yielding a "design-by-committee" — with the most influential person at the table having a disproportionate impact on the process. This is the product of a social dynamic rather than a science dynamic.8

There is another way. This email may be analyzed through a different prism. It can be seen as a series of micro-veses. We are asking people to move from the headline to the first paragraph, from the first paragraph to the bullet-points, from the bullet-points to the offer paragraph and so on. Eventually, we are asking people to click on the call-to-action button. And for every "ask", implied or not, there is a necessary "yes", conscious or not. When the email is considered within this framework it becomes easier to detect a problem with its chain of "asks". Indeed. it seems to be conflating its objective (to get a click) with the objective of the landing page (to get a lead).9 It is asking for too much, too soon in the process (see figure 1.2).

Viewed through this thought-sequence prism, it becomes easier to move from diagnosis to treatment. A new email is

designed that steps very intentionally through each micro-ves, careful not to ask for too much, not to ask too soon, and not to ask out of order (see figure 1.3). Does this methodical approach yield a favorable result? Yes it does: a carefully validated 104% increase in conversion (see figure 1.4). It is important to note that this is a microcosm of the entire series of microyeses, beginning from the channel and flowing all the way through the landing pages and into the call center. It is also important to note that this simple case study is truly representative; its findings may be demonstrated in hundreds of other experiments.

The point is simple: we need to transcend our conversation about emails, ads, pages, even about "online versus offline" with a conversation focused on the prospect's sequence of thoughts. We need to beware of company-centric logic and we need to embrace customer-centric logic.¹⁰

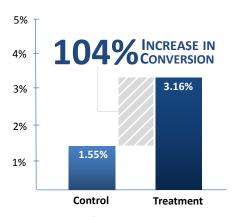


Figure 1.4 - Results

By changing the email messaging to better guide the reader, we were able to generate a 104% lift in clickthrough rate.

^{*}Brand has been blurred to protect confidentiality

Gravity is not the marketer's friend

Second, people aren't falling into our funnel, they are falling out. Gravity is not the marketer's friend. More people are falling out than are flowing in. The way the funnel is currently presented distorts reality. The image of the funnel must be inverted. Thomas Kuhn said "...the scientist who embraces a new paradigm is like the man wearing inverting lenses" (The Structure of Scientific Revolutions, pp.122).

Marketers need a new, more accurate paradigm. They need to see with Kuhn's "inverting lenses". More to the point, we need to see the funnel in a new way - the funnel itself must be inverted (see figure 2.1). With this new perspective, we can better fathom the nature of our work. Let gravity represent the organic resistance in the marketplace: white noise, competing offers, distractions, and so on. The marketer's task is to overcome this force, to counter it, and thus to win the macroyes. Yet, when one hundred people flow into our funnel, we are often satisfied if iust two complete the journey (excited that our conversion rate has moved from 1.5% to 2.0%). Why? Why do we expect so little?

There are billions of dollars leaking in our flawed processes. We must not think of the internet as just a new opportunity. Responsible leaders need to acknowledge that we are losing unacceptable amounts of money in our legacy sales and marketing processes. The internet is a

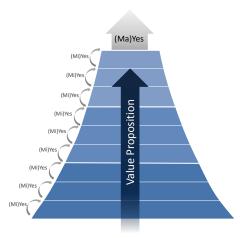


Figure 2.1 - Inverted Funnel

laboratory; it is a way to discern each micro-yes, and thus, to tune our approach until we achieve the maximum number of macro-yes(s) — online and offline. ¹¹ The inverted funnel is not a physical construct, it is a mental construct. Indeed, it is a message stretched like a cognitive fabric around the frame of the medium. And we can use it to solve the essential business challenge: How can we get more people to say "yes"?

The essence of our message is the value proposition

Third, marketers don't drive traffic; we attract it. And the value proposition is the force which draws people up the inverted funnel. Your value proposition is the primary justification for the existence of your enterprise (see figure 2.1). Indeed,

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the business which cannot articulate a rational value proposition is just surviving on pockets of ignorance. The essence of our message is the value proposition.

The marketer communicates with a particular type of message — an offer. It comes in the form of a three-part dialogue: The offer-from-agent asks (Q1) "Will you choose...?" The offer-to-agent counters, (Q2) "Why should I...?" And the offer-from-agent promises, (P1) "Because I will..." (P1) is the ultimate determinant of an offer's success. The marketer must present an argument that takes the form of an ultimate reason supported by "evidentials". This is the value proposition. 14

Researchers at MECLABS have been striving for the last 15 years to develop a framework for the concept of value proposition. Indeed, there is no generally accepted definition in academic or commercial literature. We have reviewed 1,100+ academic articles, we have constructed a 100 year timeline of related terms, and we have conducted more than 10,000 path tests to measure the efficacy of our framework. The most efficient way to communicate our findings in this short article is with one vital question: If I am your ideal customer, why should I purchase from you rather than any of your competitors?

The question appears simple. But it is easy to miss the import of its construct. It may be best to unpack this interrogative.

- "If I" denotes that we are answering a first-person question. The marketer must learn not to see in a better way, but to see with new eyes the eyes of the customer.
- "your ideal prospect" denotes that we are focused on a specific customer segment. The marketer must face trade-offs. We must choose who we will not serve to discover who we can best serve.
- "why should I" denotes that the epicenter of the value proposition is an ultimate reason. It is the culmination of a careful argument.
- "rather than your competitors" denotes that your value proposition must have an only-factor. The marketer justifies the company's existence by demonstrating that the company uniquely serves a unique set of customers.

The strength of the marketer's message is grounded in a single word – "because". Every time you ask a prospect to take an action, you must justify the ask. And for every ask, there is a cognitive calculation. Essentially the prospect, even if at a sub-

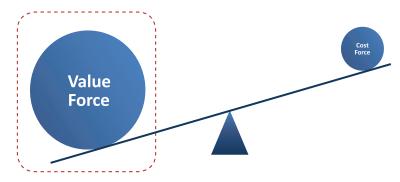
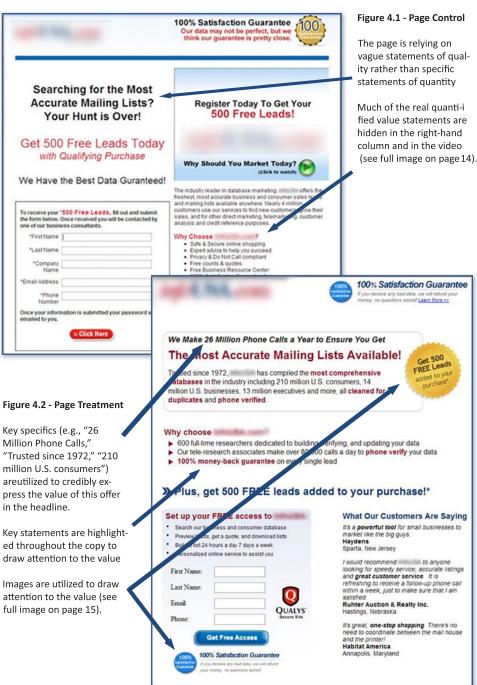


Figure 3.1 - Exchange Fulcrum



conscious level, engages in elementary math: Vf_{Ac}-Cf_{Ac} which is to say, they subtract the perceived cost-force from the perceived value-force.¹⁵ If the sum is negative, a micro-yes is unlikely. Think of the challenge as a fulcrum.¹⁶ Marketers must tip that fulcrum so that the perceived value outweighs the perceived cost

(see figure 3.1).

Consider the following page (figure 4.1). It was submitted by a student - a marketing leader from a Fortune 500 company. Her words belied her frustration, "Flint, I know we have a value proposition, but for the life of me, I can't figure out how to say it". She had made a noble effort and this page represents that effort. It was the company's best performing offer. Still, adequacy is the enemy of excellence and this page was barely adequate. The researchers at MECLABS decided to help her. And their first step was to challenge this page with a simple question: "If I am the ideal customer, why would I purchase my list from you rather than your competitors?"

One may discern the answer "Because we have the most accurate mailing lists." But the claim lacked force. Again, people don't buy from websites people buy from people. How effective is this headline within the true context of relationship? Imagine a single man approaching a girl at a party, "Searching for the most eligible bachelor? Your hunt is over." It's not hard to envision the response... And the "envisioning" is important, for a headline is really just a "pick-up" line. Its job is to draw someone into a (mental) conversation. If our headlines do not work re-envisioned in the context of relationship, they are likely not going to work in the context of a product offer.17

And the problem continues: The "500 free lead incentive" with its red italicized text, only fosters anxiety. The "aw shucks" tone of the best data guaranteed seems impotent. The promise on the form field feels more like a threat. The two-column layout interferes with the linear thought-sequence, and so on. The page is failing to communicate an effective value proposition. Thus a new page must be designed, transcending the diagnosis with a (testing) treatment (figure 4.2). What is the result?

The new page outperforms the old by 201.3% (figure 4.3). Quality leads double, and the impact goes straight to the P&L. What is the reason for this dramatic difference? The value proposition is communicated with more force by fine -tuning the four elements which underlie its strength: appeal, exclusivity, clarity, and credibility. Essentially, the "because factor" is intensified and so the velocity

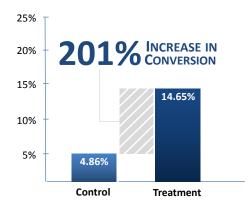


Figure 4.3 - ResultsBy changing the landing page to better express the value proposition, we were able to generate a 201% lift in conversion.

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*Brand has been blurred to protect confidentiality

through the sequence of micro-yes(s) is also intensified. This translates into more people saying "yes".

The Internet is More than a Channel; It's a Laboratory

This last case study brings together the simple construct of this article. The internet is more than a channel; it is a laboratory through which we can experiment our way into optimal messaging. To do that we must recognize three points: First, the sales and marketing funnel is not constructed with ads and pages; it is comprised of thoughts and conclusions. Second, people aren't falling into our funnel, they are falling out. The image of the funnel must be inverted. Third, marketers don't drive traffic; we attract it. And the value proposition is the force which draws people up the inverted funnel.

Indeed—Henry James, the Pulitzer prizewinning author said "ideas are in truth, forces. Infinite, too, is the power of personality. A union of the two always makes history." To reprise James, we may relate "the idea" to the value proposition and the "personality" to the brand. When the idea and the personality come together, the marketer makes history (read Apple).■ increase of \$500,000" last modified July 19 2012, http://www.marketingexperiments.com/site-optimization/five-steps-to-better-metrics.html

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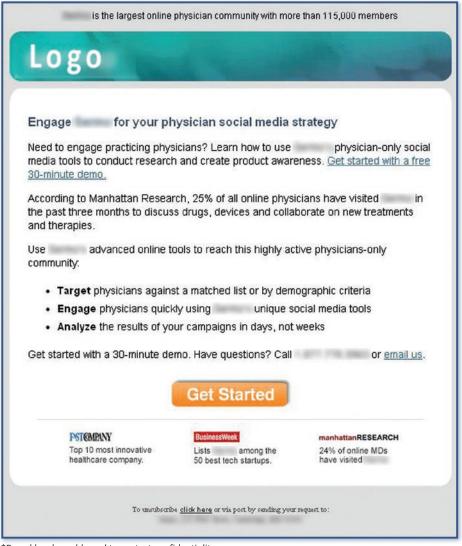
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² City has been anonymized to preserve confidentiality

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Appendix: Figure 1.1 (Full)



^{*}Brand has been blurred to protect confidentiality

Appendix: Figure 1.2 (Full)



^{*}Brand has been blurred to protect confidentiality

Appendix: Figure 4.1 (Full)

100% Satisfaction Guarantee Our data may not be perfect, but we think our guarantee is pretty close.	
Searching for the Mo Accurate Mailing List Your Hunt is Over!	S? Register Today To Get Your
Get 500 Free Leads To with Qualifying Purchase We Have the Best Data Gura	Why Should You Market Today?
To receive your '500 Free Leads, fill out and the form below. Once received you will be contact one of our business consultants.	
*First Name	Why Choose ?
Washing C	Safe & Secure online shopping
*Last Name	Expert advice to help you succeed Privacy & Do Not Call compliant
*Company	Free counts & quotes
Name	Free Business Resource Center
*Email Address	100% Satisfaction Guaranteed
	Plus Phone Verified Data!
*Phone	We make more than 26 million phone calls each year to verify
Number	and enhance our business databases. Why? To ensure you
Once your information is submitted your passwo emailed to you.	And will be have the freshest, most comprehensive information available. No other company in the industry does that. Period!
» Click Here	How Can We Help? From mailing lists to email marketing, we're your one-stop shop to growyour sales. We'll focus on your marketing needs so you can focus on your business and grow your sales!

Appendix: Figure 4.2 (Full)



^{*}Brand has been blurred to protect confidentiality

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A CALL FOR RESEARCH PARTNERS

You can acheive significant marketing gains while participating in field tests of the MECLABS research findings

Our average test last year inside of one of the world's largest banks produced a 108% conversion increase. This is not uncommon – many of our partners see triple-digit sales increases. In fact, most of the test protocols that make up our research library the result of field experiments conducted with major partners, such as Johnson & Johnson, The New York Times, Cisco and Macquarie Telecom.



How does the program work?

Rather than depend on universities for grant money, MECLABS partners with key companies and conducts major experiments. The arrangement is simple: you gain significant results (increased conversion, higher-quality leads, more effective campaigns) and we gain valuable data to power our knowledge base. The cost of the research is (often) paid for by the ROI of the increase. Rigorous science can produce a dramatic gain.

Essentially, we create a micro-research lab inside your group and then conduct R&D to improve your marketing results. Companies often invest in R&D on the product side, but rarely on the marketing side, and so their marketing efforts suffer from underperformance.

What research areas are you interested in?

Currently, we are searching for research partners to assist in the following concentrations:

- E-commerce performance
- Subscription growth and retention
- Lead generation capture and management (including nurturing)

Drawing from more than 10,000 path tests, we are able to formulate a design of experiments that increases your understanding of the customer and helps you better predict their behavior.

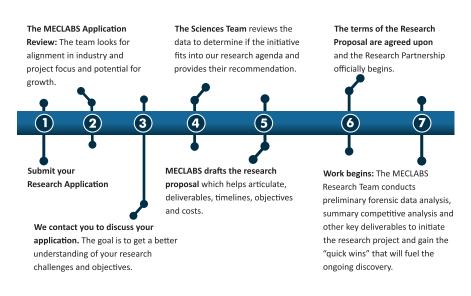
What kinds of companies are you looking for?

Less than 10% of the candidates for this program can be approved, but there is a straight-forward application process and we invite you to participate. We prefer to maintain a portfolio of research partners representing both large- and medium-sized companies across a diverse group of industries.

Will you share my proprietary company information?

Your specific research results are **not shared** without your permission (we execute a mutual NDA). We are seeking to glean principles not specific points of competitive advantage. **You will have control** over you data and over the paths or pages we create for you.

The Research Partner Application Process



To learn more, contact us by email (partnerships@meclabs.com) or by phone (904-403-9810)

CURRENT RESEARCH HIGHLIGHTS

15 YEARS OF RESEARCH
10,000 PAGES/PATHS
1 BILLION EMAILS
5 MILLION PHONE CALLS
36,980 COMPANY BENCHMARKS
3,831 CHARTS AND TABLES
150+ HOURS OF MULTIMEDIA LECTURES
100+ CONFERENCES
43 DIFFERENT PUBLICATIONS

- 24 BENCHMARK REPORTS
 - 9 HANDBOOKS
 - 10 SPECIAL REPORTS

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